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Government Approves Bill on Lawyers' Rights

AU1507183191 Sofia DUMA in Bulgarian 12 Jul 91 p 2

[Text] Every law graduate will be entitled to practice law. This right is provided for in the bill on lawyers' practice approved by the Council of Ministers yesterday. The evaluation on the expediency of legal practice and the entrance examination before joining a lawyers' collective have now been repealed. This was announced by Justice Minister Pencho Penev.

The refusal to be accepted by a lawyer's collective can be appealed before the Supreme Lawyers' Council and the Supreme Court. The lawyers' wages will presumably be based on contracts to be signed between the two sides, Minister Penev explained.

According to a government decree adopted yesterday, the insurance contributions for Bulgarian citizens employed in foreign diplomatic missions will be determined according to their gross pay but should not be below minimum wage and not exceed the quadruple amount. The insurance contributions are expected to be paid by the foreign missions to the Bureau for Services to the Diplomatic Corps.

The Council of Ministers approved and entrusted Atanas Papanizov, minister of foreign economic relations, to sign a memorandum on using the funds from the PHARE [Economic Restructuring] Program. The funds are expected to be spent on special projects as part of the government policy on social and economic reforms.

KNSB Supports Constitution, Law and Order

AU1607113391 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 16 Jul 91

[Telephone report by Petur Donchev on a memorandum issued by the Confederation of Independent Trade Unions in Bulgaria, KNSB, and an interview with confederation spokesman Ventsislav Nestorov; place of interview not given—live]

[Text] [Donchev] A short while ago, the session of the Confederation of Independent Trade Unions in Bulgaria [KNSB] ended, and a delegation of the KNSB is expected to join the Podkrepa Labor Confederation for consultations, presumably to discuss the establishment of the new trade union called "Creativity," which was reported yesterday.

A memorandum to the Government of the Republic of Bulgaria was adopted at the session.

The memorandum stresses that political tension has recently been escalating in Sofia. This time, the bone of contention is the recently adopted Constitution. Appeals for a general strike are heard, and attempts are made to exploit inevitable difficulties of the reform as an argument in the election campaign. All this influences the government's behavior, the memorandum states.

The government's resolve to start the second stage of the economic reform is jeopardized, and attempts are under way to force the government to renounce the responsibility for the fate of reform, the memorandum adds.

This is a drastic evaluation, but I asked Mr. Ventsislav Nestorov, spokesman of the KNSB Executive Committee, for an interview. Mr. Nestorov, what are you trying to tell the government by this memorandum?

[Nestorov] We insist that the necessary conditions should be provided by 25 July so that realistic negotiations on the new workers wages could be started. It is the obligation of the government to establish the legitimate status of employers, to guarantee their training, and to complete the decentralization and demonopolization of companies. Within the same schedule, the government should finally clarify the financial status of large state-owned companies and settle the problem of their debts. The government should also publish full information on its intentions about the restructuring and financial stabilization of major companies and economic branches that are under its jurisdiction.

Along with this, the Council of Ministers should also publicize the steps adopted by the managements of the companies themselves on selling property, production, ore, licenses, and other assets. The prompt establishment of land commissions and the accelerated application of the Land Law's practical application is also one of our demands. The necessary conditions for normal agricultural work in the current season should be provided for. The second social protection net should be introduced by the end of July 1991. The necessary financial resources for assistance to the destitute, for assistance to students' and workers canteens, for pensioners, for the sick, and for permanently unemployed people should be supplied.

The failure to fulfill even one of our demands that are already part of the agreement on social peace will be considered a gross violation of the agreements with all its political consequences.

[Donchev] Thank you, Mr. Nestorov. I remind our listeners again that, as of 1300 [1000 GMT], consultations with the Podkrepa Labor Confederation are expected to start, presumably on the subject of the "Creativity" Trade Union Confederation. I give Mr. Nestorov another 30 seconds to add something to this information.

[Nestorov] You should know in the first place that, regardless of the measures that may be adopted, a violation of the social peace agreement should by no means be committed because this would force the KNSB to have recourse to measures that will be a warning especially for the government, and also for all those who are trying to disrupt social peace in our country.

[Donchev] Thank you. This is the end of my report from the KNSB. We will provide more details on the memorandum and on the meeting with Podkrepa in our further Radio Khorizont programs.

Minister Threatens To Quit Over Transport Debts
AU1507192391 Sofia OTECHESTVEN VESTNIK
in Bulgarian 9 Jul 91 p 1

[Report by Nasko Mandadzhev: "Transport Debts Forewarning of Catastrophe"]

[Text] Veselin Pavlov believes that he cannot remain in office if the government does not resolve the question of more than \$19 million worth of interest payments and credits.

Minister Veselin Pavlov stated a week ago what he repeated on Bulgarian Radio on 8 July: I will resign if the government does not tackle the subject of transport debts at its session on 10 July. Our railways have accrued a debt of \$17 million in import taxes (with interest it is now \$19 million). We owe Yugoslavia the most—\$11.8 million; Germany—\$668,000; Italy—\$342,000; Austria—\$331,000; Sweden—\$247,000; Holland—\$261,000; Belgium—\$213,000; England—\$127,000, and so on.

The Bulgarian State Railroad [BDZH] must now buy foreign currency to pay, but the dollar used to cost 2.83 leva, whereas now it is 16. With this difference in rates, the railroads need another 250 million leva.

The other conflict is the 600 million leva that the BDZH used between 1975 and 1987 for the duplication and electrification of the railway lines. With such excessive interest rates, the BDZH for this year alone must pay 84 million leva. This is impossible to achieve when funds can hardly be found (through short-term and other loans) to pay wages amounting to 28 million leva.

The best solution is for the dollar debt to be paid off immediately to avoid interest, and for the internal loan to be written off. In any case, now that transport does not receive any subsidies, it has even more burdens thrust upon it. Branches such as energy, mining, construction, and others probably also have debts. If the amount owed is collected together, the financial organs will rejoice, but the death of some branches will immediately have to be mourned.

Until now, Veselin Pavlov had not given in to negative moods in the transport section, and that was reassuring. However, his intention to resign is a sign that matters have reached an extreme.

Government Seeks Foreign Investor for Balkankar
AU1707172591 Sofia DEMOKRATSIYA in Bulgarian
12 Jul 91 p 2

[Text] Under the agreement concluded between Deputy Prime Minister Dimitur Ludzhev and Morgan-Stanley (a U.S. investment bank), the government gave carte blanche for this bank to find a foreign company (or companies) interested in investing in Balkankar. The U.S. experts (who have been studying Balkankar for a year now) consider that they may be ready with an offer within two months. The agreement provides for the foreign partner to own 70 percent of Balkankar, while Morgan-Stanley will receive its agent's commission only when the deal is completed. So far, the bank has received money for conducting its investigations from Balkankar. A sum of \$300,000-500,000 has been mentioned since the bank has been working according to the instructions of Balkankar's Bulgarian management.

The U.S. experts consider that no drastic changes are desirable in Balkankar at the moment because the future investor may have other ideas. Deputy Prime Minister Ludzhev said that the reorganization of this monopoly corporation is aimed at turning it into a joint-stock company (exclusively with state participation), and that the changes will affect only its present management. Mr. Ludzhev informed the experts that the final decision on Balkankar's restructuring and privatization will be taken only by the Council of Ministers or parliament.

A special government commission has been set up to decide what kind of cooperative organization Balkankar will be—a consortium or a holding company. It has been decided that the company's structure will be discussed only when a foreign investor has been found and that the Morgan Stanley experts will take part in the discussions.

No Arms Sales to Yugoslavia, Official Says

AU1707074591 Prague OBCANSKY DENIK in Czech
13 Jul 91 p 1

[Text] Prague—Two weeks ago, our press carried a report that a group of approximately ten Slovak volunteers were on their way to help Slovenia. We were interested in their fate. At the press department of the Ministry of Foreign Affairs we learned that—according to reports available to them—the group actually reached Slovenia but the ministry had no more information about it. At our embassy in Belgrade, they were unable to provide any other information, they only said that the Yugoslav Army apparently took them for “foreign terrorists” and that, for that reason, one may fear the worst. At a news conference in Ljubljana ten days ago, Slovene officials expressed their negative standpoint on the possible use of Slovak volunteers in the fighting, since, by doing this, a dangerous precedent could be established.

Further, we were interested in our arms exports to Yugoslavia. According to the information provided by Lieutenant Colonel Vaclavik, military attache at our Belgrade Embassy, Czechoslovakia has not supplied any heavy arms to Yugoslavia in recent years. There was only partial cooperation in the production of T-72 tanks. According to what he said, there was only a delivery of 5,000 pistols recently and then all contracts were stopped. Engineer Fritzl from the Ministry of Foreign Affairs confirmed this report while adding that this delivery took place in November last year.

We will return to these topics next week.

Civic Movement Wants Change in Constitutional Law

AU1707173991 Prague OBCANSKY DENIK in Czech
13 Jul 91 p 3

[Text] The press department of the Civic Movement provided us with the following report yesterday: The existing legal provision on voting that forbids imposing the majority's will implies a significant inequality of both chambers of the Federal Assembly. While a majority is sufficient to pass a law in the People's Chamber, in the Chamber of Nations a majority is required in both of its parts. In contrast to the situation in the past, when deputies only mechanically raised their hand to pass anything, this legal provision causes significant problems in today's parliament. In democratic states, where the parliament works continuously all year, it is quite normal that some deputies are not present at a parliament session. Under such circumstances, a small number of deputies—if they abstain from voting—may cause a law not to be passed, despite the fact that 90 percent of the deputies voted in its favor.

This is why Civic Movement deputies propose that the constitutional law on the federation be amended. According to this amendment the “lower” People's Chamber should be put on equal footing with the “upper” Chamber of Nations. At the same time, the

forementioned amendment retains the separate voting of deputies elected in the Czech Republic and in the Slovak Republic. That is, it prevents the situation in which Czech deputies would outvote Slovak deputies, or vice versa.

Memorandum of World Congress of Slovaks

91CH0698A Bratislava SLOVENSKÉ NARODNE
NOVINY in Slovak 21 Jun 91 p 7

[“Text” of memorandum issued by the World Congress of Slovaks and addressed to Slovak national organs in Bratislava dated June 1991]

[Text] Illustrious Slovak National Council, Esteemed Government of the Slovak Republic!

The Slovaks who live abroad and are associated in the World Congress of Slovaks whose membership includes more than 160 Slovak organizations all over the world, herewith assure the Slovak National Council and the government of the Slovak Republic that:

- They always regarded and still regard the right to self-determination of the Slovak nation, expressed by its full democratic statehood, as the goal of their political endeavors.
- They support and will support Slovak political parties, movements, and groups that demand that the legalization of the constitution of a sovereign Slovak Republic be confirmed at the earliest possible date.
- They regard decisions concerning Slovakia's state system and its choice as an exclusive concern of the Slovak people and of other citizens of Slovakia.
- They deem it absolutely imperative that the Slovak Republic be integrated in European communities as an independent political unit and as such, that it join any supra-state and international organizations.

The Slovaks abroad recommend:

- That the constitution of the Slovak Republic and its entry in any supra-state entities be subject to a preceding or subsequent referendum of Slovakia's population.
- That to provide correct information about Slovakia and Slovaks abroad, a press bureau and information department be established at the earliest opportunity at one of the Slovak constitutional agencies or ministries.
- That a representative of the Slovaks abroad, nominated by the World Congress of Slovaks, become a member of the collegium of the minister for foreign relations.
- That members of the Presidium of the SNR [Slovak National Council] and of the government of the Slovak Republic select their advisers also from among the Slovaks living abroad.

- That the option of dual citizenship be explicitly guaranteed in the amendment to the laws and regulations on citizenship of the Slovak Republic, and that regulations preventing that be rescinded.
- That agreements on mutual recognition and payment of social security pensions be expeditiously concluded with the foreign states where Slovaks reside.
- That so long as they remain citizens of the Slovak Republic, the Slovaks abroad have the right to vote and cast ballots in elections by mediation of representative agencies abroad.
- That the Slovak Republic establish its own economic, commercial and cultural representations abroad, and in their appointments as well as in appointments to embassies, consulates, honorary consulates, etc., the knowledge and experience of the Slovaks abroad be taken into account and that suitable candidates be chosen from their ranks.
- That the welfare of the Slovaks abroad become an exclusive concern of Slovak national agencies and that they provide all possible assistance to Matica Slovenska and to institutions that assist Slovaks abroad in cultural, social, religious, and charitable matters and thus, prevent alienation of ethnic Slovaks outside Slovakia's territory.
- That regular broadcasts for the Slovaks abroad be gradually introduced and aimed on West Europe and North America.

The Slovaks abroad note with anxiety that the Slovak parliament is not pursuing with appropriate persistence the matter of the constitution of the Slovak Republic, which is delaying the declaration of Slovak sovereignty before the European and world public. We believe that in view of the advancing process of integration in Europe it is in the highest interest of the Slovak Republic that it present itself as soon as possible to European nations and states as an individual, equal, and full-fledged member of their community. For continuous close cooperation the World Congress of Slovaks intends to establish an office of its permanent delegate to Slovak national authorities and requests at this time help and support for its operation.

The World Congress of Slovaks sincerely wishes Slovak national authorities complete success in the building of a free, democratic, socially just, ecologically wholesome and economically developed Slovakia; it will do everything in the power of its membership to achieve that goal as soon as possible. Above all, it will continue its endeavor to impress on the general public the Slovak Republic and the Slovaks as a self-evident reality and to achieve appropriate representation in the Organization of United Nations, international institutions and countries in the world where Slovaks living abroad reside.

Bratislava, June 1991
World Congress of Slovaks

Differences in Christian Democratic Leadership

AU1707073691 Bratislava NARODNA OBRODA
in Slovak 12 Jul 91 p 13

[Interview with Tibor Boehm, member of the Christian Democratic Movement Council, by Jan Smolec, reprinted from SLOBODNY PIATOK No. 28; place and date not given: "Exceptions to the Chairman of the Movement"]

[Text] [Smolec] As a member of the Christian Democratic Movement Council, you are in close contact with the current prime minister, Jan Carnogursky. However, regarding the constitutional arrangement, you favor an independent Slovakia or, at least, a confederation. The Christian Democratic Movement chairman has not advocated such a solution. Are these indications of a split in the Christian Democratic Movement?

[Boehm] I am not in close contact with J. Carnogursky. As early as during the "hyphen war," I took strong exception to some of his opinions. His stance on promoting our national interests has been overly cautious. He has deviated from his original intentions during the discussions of Slovak affairs in Prague. My objections are particularly strong with respect to the manner in which J. Carnogursky advocates Christian Democratic Movement policy on the constitutional arrangement in coalition talks or in the discussions with Czech partners. Our stands are not identical, for I am of the opinion that they should be precise and firm rather than elastic. Stands are often adjusted and, in comparison with the original proposal, only a part remains. As far as the constitutional arrangement is concerned, at the last session of the Christian Democratic Movement Council I requested that the following process be maintained: The Slovak National Council will declare the sovereignty of Slovakia, then the Slovak Republic constitution will be adopted. In the event of a confederal arrangement, an international agreement that would precisely delimit the jurisdiction of and relations between the independent state entities will be signed. With respect to the current situation, I admit that the confederal arrangement is the most likely one. Slovakia must maintain the character of a sovereign state within the confederation. Cooperation with the Czech Republic must be maintained. Severance of the ties could have adverse consequences.

[Smolec] Hence, a storm threatens the Christian Democratic Movement?

[Boehm] I am not interested in splitting the movement. Nevertheless, I will not accept a stand that is not beneficial to Slovakia.

[Smolec] The sister of Dr. J. Tiso, Terezia, authorized you to represent her brother, the former president of the [World War II] Slovak State, at a possible re-examination of the trial. What stage has this affair reached?

[Boehm] We are collecting material for legal documentation on which we could base a successful re-examination of the trial. To tell the truth, the current climate is not very favorable to such a re-examination.

VPN Outlines Territorial Administration Concept

AU1707144391 Bratislava PRAVDA in Slovak 16 Jul 91
p 3

[CTK report: "Sand in the Coalition Engine?"]

[Excerpt] At yesterday's briefing in Bratislava, Public Against Violence [VPN] movement representatives explained to journalists their concept for the territorial and administrative classification of Slovakia. They want to submit this concept to public discussion in the very near future. According to this concept, the VPN envisages the establishment of a two-tier classification taking into consideration the economic, demographic, social, transportation, cultural, and other features of the individual regions. The first tier would be made up of the districts created from the sub-division of the current 42 Slovak districts. While respecting historic and geographic features, it is envisaged that Slovak territory would be divided into 15 or 16 larger units—counties. For example, the reestablishment of the Zahorska, Hontianska, Spisska, and Abovska counties is being taken into consideration. Approximately 250,000-400,000 people would live in these natural geographic units that have existed in our country since the time of Greater Moravia. [passage omitted]

Slusovice Cooperative Gets VIP Treatment

AU1707114291 Bratislava PRAVDA in Slovak 16 Jul 91
p 2

[Unattributed report: "Prime Minister Jan Carnogursky to Frantisek Cuba: Slovakia Is (I Hope) Ruled by Law"]

[Text] Bratislava—Slovak Prime Minister Jan Carnogursky received Frantisek Cuba, chairman of the DAK MOVA Bratislava cooperative [new name of Slusovice cooperative following its registration in Slovakia], yesterday. As the high-spirited chairman of the Bratislava MOVA cooperative told journalists after the talk, they discussed all possible, mainly business-related, matters, but also the registration of the Slusovice agricultural combine in Bratislava, over which CSFR President Vaclav Havel asked for a reexamination of the legality last week.

"The Brno court's refusal to register us was against the law. In Bratislava, on the other hand, we were properly registered because we complied with all the conditions. As for the prime minister's stand on this issue, you will have to ask him," Frantisek Cuba told us.

Prime Minister Carnogursky gave a number of reasons for his reception of F. Cuba. "Docent Cuba has been an extremely successful entrepreneur for decades, for which he deserves recognition. I have been informed that the cooperative's members, of whom there are several thousand, freely elected Mr. Cuba as their chairman, and I recognize his legitimacy. Last but not least, DAK MOVA Bratislava has donated 100,000 korunas to humanitarian organizations in Bratislava, for which I expressed my appreciation. There is yet another aspect. As a lawyer I represented [erstwhile dissident and present Federal Assembly deputy] Stanislav Devaty in his lawsuit against Slusovice, after his expulsion from the united agricultural cooperative. I believe that, in view of this circumstance, I have the moral right to see to it that the rule of law should apply also to Mr. Cuba at present."

Asked about Prague Castle's approach to the registration of the DAK MOVA cooperative in Bratislava, J. Carnogursky said that obviously he had not promised to grant F. Cuba special legal protection (let alone to represent him in a possible legal dispute, the prime minister added smilingly). He hopes, however, that Slovakia is ruled by law, which means that if the registration is correct it should remain. If it is not correct, it can be withdrawn, but this is a matter for the judiciary.

"Only if I learned that someone interferes with the independence of the judiciary would I consider giving the minister of justice the instruction not to permit such interference," the prime minister said.

[Bratislava NARODNA OBRODA in Slovak on 15 July on page 1 carries a 300-word commentary by Ivan Horsky entitled "Law, Where Are You...." The commentary takes issue with President Havel's "open interference" in the matter of the Slusovice cooperative's registration in Bratislava, a move that demonstrates, according to the author, that "we are still very far from a state ruled by law." Horsky reminds the president that an "independent judiciary" is one of the three "pillars" on which democracy rests and that this fact ought to be respected by "all citizens, including the first citizen of the state."]

Slovak Prime Minister: Keep Order at Gabcikovo

LD1607181891 Budapest Radio in Hungarian
2000 GMT 15 Jul 91

[Excerpts] There is only a chance—not a promise—that the Czechoslovaks will suspend the construction of the canal diverting the Danube waters at Gabcikovo before the next round of talks in mid-September. Eveyln Forro reports from Bratislava that this emerged at the press briefing which followed today's Czechoslovak-Hungarian Government level talks.

[passage omitted] I asked [Slovak prime minister] Jan Carnogursky what will happen with the protestors at Hrusov, since the Slovak police are threatening violence. Would he not consider it a disgrace to the new democracy if the protestors were to be taken away by force? The reply was merely this: Order must be maintained in the

territory of Slovakia. The government and the individual ministers, therefore, must deal with the protestors.

Madl Warns Against Variant Project

LD1607180591 Budapest Radio in Hungarian
1900 GMT 15 Jul 91

[Excerpts] The talks in Bratislava on the Gabcikovo hydropower project have not brought the Hungarian and Czechoslovak sides closer. [passage omitted]

At the press conference in Bratislava, [Hungarian minister without portfolio] Ferenc Madl emphasized that Hungary would regard it as an extremely unfriendly step which would gravely violate international law if the Czechoslovak side were to implement the so-called C variant of the Gabcikovo water barrage, because this plan would constitute a diversion of the Danube into Czechoslovak territory.

Reiter on Bilateral, Silesian Issues

*91EP0569A Hamburg DER SPIEGEL in German
17 Jun 91 pp 34-37*

[Interview with Janusz Reiter, Polish ambassador to Germany, by Richard Kiessler and Walter Mayer, place and date not given: "Nobody Wants To Be the Ossie"]

[Text] [SPIEGEL] Mr. Ambassador, will 17 June, once the "Day of German Unity," now become the symbolic date of German-Polish reconciliation?

[Reiter] That is a real possibility. When I learned of the date proposed for signature of the treaty, I was pleasantly surprised. June 17th used to symbolize mourning. From now on it may stand for hope.

[SPIEGEL] Have all the old grudges really been forgotten? The CSU [Christian Social Union] continues to call for Polish compensation as a reward for the recognition of the Oder-Meisse border.

[Reiter] Senior CSU politicians have told me that the CSU, too, accepts the treaty. I believe that agreement now exists in the entire German Bundestag, something quite unprecedented in such an important affair. The contents of the treaty are truly revolutionary. It is not a tactical compromise, merely responding to current power relations. It is to be in effect now as well as in the future.

[SPIEGEL] The rights to be enjoyed by the German minority are listed in great detail. That indicates some mistrust. On the other hand, Bonn generously obligates itself to prepare Poland's accession to the EEC. No contradiction?

[Reiter] The standards incorporated in this treaty are to be found in various international documents. We accepted them for two important reasons: First, because Poland has become a democratic and legal state, and, second, because Poland is part of that modern Europe which we intend to help organize. Poland has not concluded some barter trade—minority rights against something else. Poland acknowledges the internal changes in the country and, also, the European option.

[SPIEGEL] Still, the German Right has not stopped talking of the "Europeanization of Silesia." Does your government fear that bilingual Silesia might be detached from the Polish polity?

[Reiter] No. As a matter of fact, Silesia must regain its regional autonomy within Poland. Regional particularities were suppressed in the communist People's Republic. That did not happen to Silesia alone; all regions were equally affected, including Pomerania where I was raised. The regional concept must be revived. After all, special regional features strengthen rather than destroy a state.

[SPIEGEL] What are Silesia's regional strengths?

[Reiter] Silesia has a special tradition. It was influenced by Polish and German culture. The People's Republic of Poland attempted to deny the German part of Silesian identity or Silesian history.

[SPIEGEL] And yet it was just that denial which served to keep it alive.

[Reiter] Yes, and as a result it has now emerged with even greater force, possibly also with an emotionalism that might otherwise have been prevented. There have also been Poles who rejected communism and yet thought that it would be politic to keep silent about the German tradition in Upper Silesia. These people felt insecure. They believed that Poland's claim to life in the present borders might be imperiled if they were to admit that the paving stones in Wroclaw and Opole spoke German as well as Polish.

[SPIEGEL] And that has now changed?

[Reiter] Today most Poles have a far more open and sovereign attitude. Now we can easily admit that the paving stones in Wroclaw speak German, too, and that, indeed, they have much to tell us in German—very much!

[SPIEGEL] Hundreds of thousands of Poles of German descent now hold a second passport. Is a two-calls society arising in your country?

[Reiter] All Central European peoples look to the West. The people who are now obtaining German passports hope thereby to build for themselves a bridge to the West. A similar development is said to flourish in the Soviet Union, among the ethnic Polish population. People there are coming forward and all at once say: I want to be a Pole, too. For them, Poland is part of the West. These attitudes reflect a lack of faith in the stability of developments in Central or Eastern Europe.

[SPIEGEL] Many Poles doubt the ability of the Bielecki Government to noticeably improve their situation.

[Reiter] I disagree. They do not doubt the new government nor democracy—they are simply impatient.

[SPIEGEL] Is not impatience bound to grow when the holders of German passports are able to go to the Federal Republic and there find much easier jobs?

[Reiter] Already this kind of envy has been slightly eased by the abolition of visas. The very liberal minority policy now prevailing in Poland has been accepted and reflects the hope that we will achieve conditions comparable with those of Western Europe. In that case the assertion of German ethnicity would not be the only opportunity for crossing the bridge to Western Europe, to Germany. The Poles need to experience success, specially in the economy. That would also benefit German-Polish relations.

[SPIEGEL] The treaty leaves open the issue of the free resettlement of Germans in Poland. Many expellees would like to return to their former homes today rather than tomorrow.

[Reiter] There are larger and more powerful countries in Europe, which do not offer all aliens 100 percent freedom to settle. We must consider economic realities. We cannot ask too much of our people. If we were to proceed too rapidly, all might be lost.

[SPIEGEL] Are you therefore planning to wait until accession to the EEC?

[Reiter] The greater Poland's progress on the way to the EEC, the more liberal will be its practices.

[SPIEGEL] Do you not need foreign investors to speed up progress?

[Reiter] Of course—and they are coming. But foreign investors expect to be able to acquire real estate. Many Poles are still finding that proposition hard to digest. We will have to be cautious on the domestic front to be able to get there.

[SPIEGEL] Silesia's ecological rehabilitation presents an urgent problem. Where is the money to come from, if not from Silesians eager to return?

[Reiter] It is indeed a problem—not only for the German minority but for all of Upper Silesia. We need the German contribution to solve it. If people who have a special relationship to Upper Silesia as the result of their antecedents were to involve themselves, I can only say so much the better.

[SPIEGEL] What can the Germans do?

[Reiter] Some German companies are retrofitting power plants in Upper Silesia, so that the plants are modernized and more environment friendly. After all, the old power plants not only pollute the air for the German minority but also that breathed by the Polish population. Anyone wishing the region well is bound to take this approach.

[SPIEGEL] Still, you cannot rely on the Germans alone to help with Polish reconstruction. How do you intend to achieve EEC standards in terms of the economy?

[Reiter] We also need again and again to remind our French friends of their promises, their demand to be more strongly represented in Central Europe. I believe that we would get a very favorable combination if Germany and France were to back Poland's efforts toward EEC membership. At the same time it would prevent the suspicion from arising, that we are seeking a rapprochement with France against Germany, or with Germany against France. We are not now seeking any rapprochement with anybody against anybody. We are open to contacts with all European countries.

[SPIEGEL] Is there not some disappointment in Warsaw about the insufficiency of foreign investments?

[Reiter] We must be realistic and admit that it is up to us also to attract investors. Unfortunately we cannot manage that on our own. Investments require a satisfactory infrastructure, and you see that demonstrated also in the new federal laender. Nobody is willing to invest as long as the telephones do not work.

This needs to be an investment in European integration, and the entire European Community must help. Many fine words are spoken now about east-west motorways from Paris to Moscow, but concrete plans stop at the current German-Polish border. It takes almost eight hours to travel by train from Berlin to Warsaw. That is intolerable.

[SPIEGEL] The Paris club of Western creditor nations has forgiven half of Poland's external debt. Is that enough?

[Reiter] It is just about enough to prevent a collapse, but not enough to achieve a real upsurge and allow the population to notice that there have been some changes in the land. If matters continue the way they are now, we might witness something like the loss of our victory—the victory over communism.

[SPIEGEL] You mean to say that there must be a Western "Marshall Plan" for Poland?

[Reiter] Yes. If for no other reason than this: We not only have a problem with too little capital flowing into Poland. There are also barriers to investment. These can be abolished only if investments are tied to a political goal. And that can be achieved only by the concerted action of all West European countries and America.

[SPIEGEL] The former GDR was one of Poland's major markets. That market has been lost. Does Bonn have to make good the loss?

[Reiter] Really decisive here will be the opening of the European market to Polish products.

[SPIEGEL] This presumes Poland's association with the EEC.

[Reiter] Association is the first step on the way to full membership. We are concerned primarily with farm produce and textiles...

[SPIEGEL] ...and we have certainly enough of those in the EEC as it is...

[Reiter] ...and we have even more.

[SPIEGEL] On top of that you also bring in shipbuilding and steel.

[Reiter] Our problem is this: We have surpluses, the EEC has surpluses—political decisions are needed. Moreover, the Soviet market also has collapsed. We are now being confronted with this unpalatable reality. Incidentally, the West could well link its aid to Russia with support for us by purchasing from us some of the merchandise earmarked for the Soviets.

[SPIEGEL] How great is the danger that Poland might degenerate into a low-wage country for the EEC multinationals?

[Reiter] Is that a danger? We are a low-wage country. We cannot alter that fact by asking for higher wages. Instead we need to exploit it as an advantage and tell investors:

We have something to offer that is not offered by eastern Germany, because the demands of the people there are much greater.

I keep hearing warnings against "big money." The warnings are well meant, but what are we to do? Should we live in caves and become a happy tribe of shepherds? The alternative now confronting us is this: Either big money comes to Poland, or the Polish people will go to the big money.

[SPIEGEL] What kind of military guarantees for its security is the new Poland seeking—hemmed in as it is between the Germans and the Russians?

[Reiter] I do not agree with the assertion that Poland is hemmed in between Germany and Russian. That notion is obsolete.

[SPIEGEL] In terms of geography it is a fact.

[Reiter] Only in terms of geography, not in terms of politics. Our regained freedom does not signify a return to the old geopolitical situation between Russia and Germany. That used to be the nightmare of our history. Europe to the west of us looks altogether different now. There is the EEC that we want to join. European integration supersedes the classic rules of the geopolitical game.

[SPIEGEL] The German-Polish Treaty refers in rather nebulous terms to cooperative structures of security to be sought within the framework of the CSCE.

[Reiter] We need cooperative security structures on the basis of the CSCE, if for no other reason than to make sure that the Soviet Union can be involved. At the same time we do need other structures also.

[SPIEGEL] Mr. Ambassador, you say that no other peoples in Europe have so many common interests as Poles and Germans. Does that statement signify more than diplomatic optimism?

[Reiter] Between no other peoples in Europe are there as many family ties as between Poles and Germans. Family names are enough to indicate this. In the past these interrelations were often productive for human relations on both sides, though admittedly less so in the political history of German-Polish relations. When we look for good examples, most people cannot think of much more than the Hambach Festival.

[SPIEGEL] That goes back 159 years.

[Reiter] Matters were very different in daily life, in cohabitation between Poles and Germans. Most of that has unfortunately been lost. Still, we may well reconstitute at least some of it. In Pomerania or the Poznan region I see a great need for restoring the old links with Germany, and the same applies to the former German eastern territories, such as Szczecin.

I am often told by the people of Szczecin to look at the map: Berlin is 120 km distant; Warsaw more than 400-500 km away on poor roads. We have a motorway to Berlin, and it takes an hour to get there. To get to

Warsaw it takes six or seven hours. It should really be possible once again for Berliners to drive to Szczecin to go to the theater or go sailing.

[SPIEGEL] In the eyes of many of your compatriots, the still outstanding settlement of compensation for Polish forced labor from the Nazi era represents an open wound. You have nothing to show except a vague statement of intent by the Federal Chancellor. Do you intend to exert some pressure?

[Reiter] We have the Federal Chancellor's promise that the problem of compensation for forced labor will be settled—roughly at the same time as the German-Polish Treaty of Friendship. Not on the same day, but in about the same timeframe.

[SPIEGEL] The talk is of a foundation with a total funding of 2 billion German marks.

[Reiter] The question of funding is one to be discussed by the heads of government. However, hundreds of thousands of people do expect compensation, although their numbers are steadily shrinking.

[SPIEGEL] Your famous compatriot, writer Andrzej Szczypiorski, objects that nobody was once so loyal to the authorities and is now so "savagely anticommunist" as the eastern Germans. Actually the former GDR citizens would appear to be uniquely qualified to encourage reconciliation between Germans and Poles. Why is that not happening?

[Reiter] We had hoped that the common past of 40 years of socialism would link the peoples affected. This hope has not been realized. All of them look exclusively to the West, not the East. Nobody wants to be an Ossi, everybody wants to be a Wessi.

[Box, p 34]

Janusz Reiter

Janusz Reiter has represented the Polish Republic as ambassador to Bonn for the past nine months. When martial law was imposed in Poland in 1981, Reiter (39), a German-language specialist and Konrad Adenauer scholar, worked as a reporter for various underground newspapers. A descendant of German businessmen from East Prussia, he championed reconciliation between Germans and Poles long before the end of the Cold War. On Monday this reconciliation will be finalized by the German-Polish Treaty of Friendship, to be signed in Bonn by heads of government Kohl and Bielecki.

Parliamentary Election Timetable Set

91P20413A Warsaw GAZETA WYBORCZA in Polish
5 Jul 91 p 3

[Article by (knysz): "The Election Calendar"]

[Text] President Lech Walesa designated 27 October 1991 as the date for the elections to the Sejm and Senate. This executive order was signed by Lech Walesa late Wednesday evening following his return from Belgium

[3 July]. The order enters into force on the day that it is published in the *DZIENNIK USTAW*.

The election calendar, attached to the document calling for the elections, states that:

- Information on electoral districts will be published by 29 July.
- District and voivodship electoral commissions will be established by 3 August.
- The district candidate lists for [Sejm] deputies and the voivodship lists for senators must be ready by 2 September.
- A national list of candidates for [Sejm] deputies must be presented to the National Electoral Commission by 22 September. Information on the precinct electoral commissions must also be publicly presented by said date.
- Information on the registered district lists of candidates for [Sejm] deputies must be presented by 27 September. Information on registered senators must also be presented by that date.
- A national list of candidates for [Sejm] deputies must be published by 6 October and the district electoral commissions must be established by said date.
- The voter registration list must be compiled by 13 October.

Supreme Chamber of Control Official Appointed

LD1707034191 Warsaw Radio Warszawa Network in Polish 1400 GMT 16 Jul 91

[Text] On the recommendation of the chairman of the Supreme Chamber of Control [NIK], the Sejm speaker has appointed Piotr Kownacki to the post of deputy chairman of NIK. He was until recently under the secretary of state in the Office of the Council of Ministers.

Investigation of Stalinist Crimes Commences

AU1707085191 Warsaw RZECZPOSPOLITA in Polish 13-14 Jul 91 p 2

[Article by Jan Ordynski: "Black Book" of Stalinist Atrocities"]

[Text] New rules that state what a Stalinist crime is and prevent such crimes from being waived with the passing of time have existed for one month. As a result, there is now a legal basis to investigate these crimes, and there also is an institution responsible for such investigation—the Main Commission for the Investigation of Atrocities Against the Polish People.

This was the subject of a 12 July news conference given by Wieslaw Chrzanowski, minister of justice; Ryszard Juskiewicz, director of the commission; and Stefan Snieszko, deputy prosecutor general of the Republic of Poland.

Minister Chrzanowski said that about 170 investigations into these crimes have already been initiated. The crimes

under investigation have been divided into two categories—murders committed by the People's Commissariat for Internal Affairs [NKVD] and the Red Army, and atrocities committed by officials of the Ministry of Public Security and local Security Service cells. Obviously, the results of investigations into the first category of crimes greatly depend on the Soviet Union's desire to cooperate. Positive declarations have already been made on this subject. The greatest number of investigations concerns the terrible murders committed by the NKVD after 22 June 1941 inside prisons in former Polish territories in the East. Several tens of thousands of Polish citizens perished then. That was a far greater atrocity than the one against Polish officers. Atrocities committed during the deportation of Poles into the depths of the USSR and murders of Home Army activists and White Russian emigres who found refuge in Poland before the war will also be investigated.

The crimes under investigation committed by the Polish security apparatus include the killing of Polish Peasant Party activists after the war but prior to the first referendum and elections, the burning of the village of Krasnystaw and the shooting of several of its inhabitants by functionaries of the Local Public Security Administration, and murders committed in the Wronki prison, including that of the well-known historian Colonel Wacław Lipiński. There will also be investigations to establish details of the activity of the Ministry of Public Security and Military Information Service and reveal those responsible for it.

Minister Chrzanowski and Director Juskiewicz announced the preparation of a "black book" of Stalinist crimes. It will contain names of perpetrators—Security Service officers, Military Information Service functionaries, judges, and prosecutors.

Prosecutor Stefan Snieszko said that the exhumation of Polish officers and policemen murdered by the NKVD in Kharkov and Mednoy, near Tver, will commence on 25 July. Poland will participate fully in this process. Apart from legal experts, there will be Polish forensic experts, crime specialists, chemists, a historian, and an expert on war decorations taking part.

Condition of Armed Forces Analyzed

AU1607083391 Warsaw POLSKA ZBROJNA in Polish 8 Jul 91 pp 1, 4

[Colonel Marek Zdziech article: "Report on the State of the Army—An Attempt at an Appraisal"]

[Text] Almost three months ago, when we began our report on the state of our Armed Forces, we assumed at the outset that we would only be able to highlight the state of affairs in certain areas of current military reality. The main reason for this was the great number of complex issues that constitute the present-day Army's existence.

Another factor that was not without significance—it is something that we have to mention—was the reluctance,

which was not always unjustified, on the part of senior officers and officials to provide our paper with information, mainly information on various kinds of shortcomings. This meant that at times we had to give up on official sources of information, which was the case with the Navy, for example.

However, we can feel some satisfaction as journalists in being able to say that the articles, interviews, and discussions that we have carried over the past few weeks presented issues that are of fundamental importance for today's Army. Statements were made by highly qualified individuals, led by head of the Polish Army General Staff, the heads of some Ministry of National Defense central institutions, and commanding officers for military districts and branches of the Armed Forces.

So, it seems fitting to acknowledge, and we feel above all entitled to do so because of the views that have been expressed by readers, that with the aid of the material we have gathered, we can answer the following question: What is our Army like today?

We will begin this appraisal with an issue of fundamental importance, which means people first and foremost.

However we may choose to view the whole issue, the character of the Army and its ability to carry out the tasks assigned to it are mainly determined by people. On 1 January 1991, the Polish Army had 260,824 soldiers, of whom 93,393 were career personnel (46,976 officers, 25,914 warrant officers, and 25,503 noncommissioned officers). Career personnel occupy almost all leadership and managerial posts (89 percent of the total number of posts are designated for professional soldiers); auxiliary, administrative, and service posts are entrusted to soldiers performing basic service and civilian workers. In addition, personnel's general standard of education and professional qualifications are significantly higher than the national average: 43 percent of professional soldiers have a college education compared to only 8 percent among the working population as a whole.

Figures for the staffing of full-time posts for professional soldiers are also revealing. Staffing varies enormously: In the officers corps, 95 percent of posts are filled, whereas under 60 percent of posts in the noncommissioned officers corps are filled.

A fact that is striking is that personnel shortages primarily affect the most junior posts. In some specialist fields, the shortage of young officers has reached a level that is disrupting training and service requirements. Pilots are one such group.

The group of posts designated for professional noncommissioned officers constitutes an exceptionally difficult personnel problem. The artillery, radio engineering, and communications are specialist fields that are particularly affected by shortages.

The situation today can be said to have grown worse. Compared to previous years, there has been a several-fold increase in the number of professional military personnel applying for and obtaining discharges. Every

year there are fewer and fewer candidates seeking admission to military schools and colleges.

Here are some figures that illustrate the trend. In 1990, 14,000 professional soldiers left the military, which is almost two and a half times as many as in previous years. The number of young personnel who are leaving—up to the age of 35—is particularly disturbing. Recently, the number of young personnel leaving the military has been higher than the intake of new graduates from military schools and colleges.

It is perfectly clear from figures kept by the Personnel Department of the Ministry of National Defense that the young personnel who do not want to continue serving in the military are above all highly trained specialists, who are not afraid of competing in the civilian labor market and find better paid and less demanding jobs without too much difficulty.

The number of professional soldiers who have been discharged this year confirms this worrying trend. Of those who decided to leave the military in the first four months of this year, over 25 percent fell into the youngest category of personnel. The results of this year's recruitment drive for military schools indicates that the situation has grown worse. The number of candidates seeking to become professional soldiers is down over 20 percent from the previous year, and unfortunately, the candidates who are applying still tend to be young people who see military schools as a means of avoiding basic military service, are generally of a lower intellectual caliber, and do not always possess appropriate personal qualities.

The low level of interest in military service must be considered disturbing in light of the plans to make our Army an increasingly professional one (about 50 percent of personnel are to be professionals by the year 2000). The lack of an improvement in the selection of candidates for military schools and for professional service in the noncommissioned officers corps, on the one hand, and the persistent tendency among young professional soldiers to leave the military on the other hand, makes the attainment of the goal of a professional army unrealistic.

Specialists also maintain, and they are surely right, that these same factors may also make it very difficult to fill the posts intended for professional personnel in the newly formed military units that are to be stationed along our eastern border.

Technology is another dimension of the modern army, its strength, and its combat capability.

The country's difficult economic position has resulted in underinvestment in the military stretching back many years. Because of this, there is a clear divergence between the equipment that our military possesses, that is, all branches of the military, and that possessed by the armies of Western states. In our case, the so-called modernity index, that is, the percentage of total equipment that is of the most modern kind, is about 30

percent, depending on that category of equipment in question (27 percent for combat aircraft and tanks; 29 percent for artillery pieces; and 30 percent for missile launchers). The index for Western states is about 40 percent, and generally these states do not retain weaponry whose service life has been exceeded.

Our military hardware (both equipment and facilities) is mainly Soviet-produced or based on Soviet designs. Its condition is systematically deteriorating, and the basic reason for this is the lack of supplies of new military technology, a lack of resources for the military to conduct its own research and development work, and the economic decline of military production and repair enterprises.

The less than 7 trillion zlotys that has been allocated out of the Ministry of National Defense budget for conducting some repairs to hardware is practically just enough for the purchase of essential spare parts and armaments for the equipment that is used. The difficulties stemming from limited budget resources have been compounded by the Soviet Union's suspension of exports of the latest weaponry.

The state of quartermaster equipment and facilities is systematically deteriorating. Equipment and facilities are becoming worn out: 50 percent in the case of the housing and construction service, and 48 percent in the case of the health service. The situation regarding the supply of food, uniforms, and petroleum, oil, and lubricants is not much better.

The process whereby our military hardware is becoming outmoded is compounded by the great difficulties in the functioning of military production and servicing enterprises, whose existence is essential when it is necessary to overhaul used weaponry and equipment. The financing system that has been adopted and the need to obtain high interest loans places these enterprises in a critical situation.

In an area that we were proud of until now—perhaps there was some exaggeration involved, and propaganda objectives were the main thought behind it—we are clearly going into decline. Scientific research is the area in question. Of course, it is difficult to talk about a decline in the ability of our scientists, but the substance of their work—as is usually the case—has been affected by the crisis more quickly. A drastic reduction (to 2 percent of the Ministry of National Defense budget) in funds for research and development work has resulted in the suspension of many projects, which might threaten to cause the collapse of our own defense industry and might result in a total dependence on foreign supplies of equipment and weaponry.

It is difficult for society to appreciate the fact—and this causes great harm to the Army—that there are considerable sums of money behind everything that is connected with the Army.

It is difficult to distribute the money that there is, because it should not be forgotten that a good householder, even if he has friendly neighbors, will not try to economize on proper locks.

There has been a systematic decline in defense expenditure in our country over the past five years. It declined by a total of 33 percent during the years 1986-91. The part of national income allocated for defense expenditure has been growing smaller. In 1986 it was 3.6 percent, in 1988 it was 3.1 percent, and in 1990 it was 2.5 percent. The Army's budget for 1991 is about 8 percent lower in real terms than last year, and it is estimated that it will decline further, as a result of prices growing more rapidly than projected and rampant inflation.

The budget resources that were allocated to the Ministry of National Defense for the first half of this year meant the ministry was only able to meet 36.5 percent of its budget requirements. As a result, 743.7 billion zlotys are owed the government. This mainly affects supplies of weapons and equipment, charges for electricity, water, gas, and heating, and investment expenditure. We have begun the second half of this year with financial obligations amounting to 1 trillion zlotys.

Apart from the disruption caused to training by the suspension of deliveries and of works projects, the present situation also causes disruption to the regular functioning of units. There are cases of the supply of power, water, and gas to many bases being shut off. Interest payments and contractual penalties are accumulating, and the financial condition of many enterprises supplying defense needs is such that they are threatened with bankruptcy.

The current financing system actually causes disruptions in all areas of Army life, from difficulties in obtaining supplies of materials, through supplying the ongoing needs of the Army, and ending with greatly restricted opportunities to conclude domestic and foreign contracts effectively.

That is what is happening on the scale of the Armed Forces as a whole. The average soldier performing military service increasingly feels that his soup is becoming "thinner," that there are fewer color magazines in the club room every month, and that what the club has to offer in the way of culture is becoming more modest. Professional soldiers are receiving subsistence level wages, and in some cases they are living below that level. This particularly applies to the families of young personnel when wives are unable to find work for various reasons (it is estimated that 37 percent of professional soldiers' wives do not work).

To stop our Army from continuing to fall behind European armed forces standards, about 500 trillion zlotys would have to be spent on it over the next five or six years based on prices at the beginning of this year. If one was to add that the sums that would be essential to check the depreciation of fixed assets, to maintain essential research and development work, to increase the wages of professional soldiers—we do, after all, want to create a

professional Army—the sum would probably have to be increased. This year the Ministry of National Defense has 23.4 trillion zlotys at its disposal.

To end our appraisal of issues that cannot be easily be counted, assessed precisely, or weighed up, but are issues that cannot be disregarded in describing the state of the Army, let us look at what the problems are that do not allow themselves to be readily grasped.

Although the results of public opinion polls over the past few months show that the Army is the institution in which the public places the greatest degree of confidence, we have, nevertheless, been noting a continual decline in young people's interest in military service, including professional military service. The reasons for this are mainly of a material kind. Military service is being increasingly seen by young professional soldiers—as well as by civilian young people, who are potential candidates for a military career—as an uncertain profession, and the hardship that performing military duties entails as well as the necessary sacrifices that have to be made are not reflected in the level of material comfort.

All these things undermine feelings of a certain professional future and give rise to doubts about what tomorrow will hold. This mood is reflected in the fact that as many as 73 percent of personnel view their professional future pessimistically and over 60 percent of those questioned are considering the possibility of leaving the military.

All the sociological studies that have been conducted thus far confirm the low social status of the military profession, which is also something that discourages young people from tying their professional careers to the Army.

That is one side of the coin. The other side of the coin is linked to the changes that have taken place and are taking place in our Army. Last year saw personnel changes on an unprecedented scale. They affected the post of minister of national defense, all the deputy ministers of national defense, as well as 267 posts of the rank of general. All commanders of military districts and of branches of the Armed Forces were replaced. Over 90 percent of Ministry of National Defense central institutions were replaced. Many younger people were appointed to posts in military district central institutions and commands.

The political division was disbanded and an educational service with a fundamentally different organizational structure, powers, and tasks was established in its place. A new model of the Armed Forces is also ready for implementation.

In general, the professional personnel of the Polish Army viewed the changes positively. However, that might not be an entirely appropriate way of putting it, because transforming the Army is a process to which soldiers of various ranks in all posts have a concrete contribution to make.

The return to patriotic roots, to basic ethical and humanist values is viewed with satisfaction by professional soldiers. There is evident, general relief that the Army has been freed from ideological obligations. Making the Army apolitical has been received as an elevation of the military profession. If there are quarters where these phenomena are considered to be of a temporary kind—then that stands in stark contrast to the intentions behind documents that are binding and the essence of the changes that are taking place in our Army.

An assessment of morale and the educational awareness of personnel indicates that knowledge of ways in which soldiers can be positively motivated is still poor. The ways in which leadership is exercised, gaining the confidence of subordinates, and appropriate concern for their needs are still areas that leave a lot to be desired.

Personnel in leadership positions are reproached for displaying a certain amount of resistance with respect to relaxing the rigors of service for subordinates and the principles of the program for a more humane approach in this area. What makes this worse is that it is accompanied by, let us quote exactly from research findings, "an enormous sensitivity to personal, social, professional, and material problems that obscures the difficulties experienced by subordinates."

We should also take note of the fact that the younger generation of professional soldiers in choosing their profession, becoming acquainted with its ins and outs, and obtaining higher ranks are no longer as motivated by the so-called romanticism of the profession, some sense of vocation dictated by youthful emotions. Today's young noncommissioned officers, warrant officers, colonels, and captains identify more closely with becoming professional specialists in the full sense of those words, that is, they want to acquire a specific body of knowledge and highly specialized skills. Professionalism has surely become the highest value.

There is one basic conclusion to be drawn from these reflections: There are several, fundamental problems, even dangers that arise in connection with maintaining our Armed Forces in the kind of condition that is essential. We know that the Defense Ministry has worked out a concept for activities aimed at reducing and, at some later stage, eliminating these problems and dangers. However, the effective implementation of this concept calls for appropriate decisions on the part of the highest organs of government in our state. The creation of a legal foundation for the comprehensive reform of our defense system is essential.

Prospects for Algerian-Polish Trade Detailed

91EP0575A Warsaw RYNKI ZAGRANICZNE in Polish No 73, 18 Jun 91 p 7

[Interview with Marek Majewski, trade adviser of the Republic of Poland in Algeria, by Teresa Radziminska: "Wait and Be"]

[Text] [Radziminska] Algeria was once one of our most important trading partners among developing countries: In the middle of the last decade bilateral turnover exceeded \$80 million. Today this exchange is marginal in our foreign trade....

[Majewski] Its value fell to \$8.5 million last year. This was in large measure tied to Algeria's difficult economic situation. The country did not have the resources to make cash purchases of the products Poland offered it. Moreover, the lack of budgetary funds in financial institutions, such as universities or hospitals, did not allow new places of work to be found for Polish specialists. It was also not possible to maintain the real wages of Poles at the level established in the intergovernmental agreement of 1986. A supplement to the agreement that regulated these matters had a two-year period of validity. However, the Algerian side made efforts to keep it in effect for a longer time, but meanwhile the dinar lost about three-fourths of its value in relation to convertible currencies. In this state of affairs, transfers made by Polish specialists employed in Algeria fell to less than \$200 per month, from \$600-\$800 several years ago. It therefore seems that very few of our specialists working within the framework of the remaining Polservice contracts or on the basis of individual agreements remain in Algeria. Currently, Polservice is supervising the finishing work on a dam construction project. The Mine Construction plant, together with Centrozap, is building a subway in Algeria. Polimex-Cekop is building dairies and cement plants. Geokart is also in the market there, doing a series of drainage projects.

It must also be realized that there are difficulties with winning turnkey construction contracts in Algeria. The economic situation of that country does not allow this type of investment to be financed with the help of cash payments. Usually, in an invitation for bids—and this type of commission can only be obtained through winning on a bid—Algerians demand bids with payment on credit. But it is understandable that our enterprises cannot afford to extend purchase credits. There is also no open line of credit between Poland and Algeria. Consequently, the only possibility of realizing works connected to complete investments in Algeria is subcontracting on behalf of foreign enterprises hired on this terrain. These are above all Italian, French, and Spanish firms. To the best of my knowledge, there are serious chances of placing Polish specialists in enterprises which are involved in modernizing the transmission of the Algerian South-North gas pipeline, which runs through the territory of Tunisia and Sicily to northern Italy. Among other things, Italian firms are to complete the construction of compressor stations there that compress the transmitted gas. The construction of a second pipeline by French and Spanish firms that will run from Algeria through Morocco to Spain is also being planned for the not-too-distant future.

[Radziminska] Income from services made up a mere portion of our turnover; it did not exceed a few million dollars annually. What happened to the rest of our trade?

[Majewski] Obviously, basic Polish income came from the sale of goods—among others, powdered milk and calcium carbide. However, here we also meet the payments barrier and requests for credit. For this very reason, we can by no means export trucks and buses, for example, to Algeria. Supplying equipment and installations for industrial plants is also out of the question because trade of this type is usually financed by credits from Western states. A significant portion of Algerian food imports were also made under especially profitable conditions proposed by the highly developed countries. For example, Algeria was getting corn and beans from the United States on credit and at subsidized prices. Since the war in the Persian Gulf, American-Algerian relations have cooled off, and it may be that aid from Washington will be suspended. However, many consumer articles exported to Algeria are being put under Italy's credit line.

This does not mean that we have no chance in the Algerian market. All the dairy products that one encounters there are produced from powdered milk. Algeria does not have developed husbandry of dairy herds. As a consequence, it seems to me that those Polish state or private enterprises that are in a position to offer satisfactory quantities of powdered milk and other products associated with the dairy industry (for example, packaging) can count on lasting success. The situation is similar with calcium carbide, a chemical product used to manufacture acetylene, which is indispensable in construction. There is no suitable local production in Algeria, and the need is growing continually. The possibilities for sales here are very large.

It is worth mentioning at this point the tremendous systemic changes that have come about in Algeria, similar to those in Poland. Above all, the monopoly over foreign trade has been abolished. And through presidential decrees, wholesalers, who have gained the right to conduct trade transactions directly with foreign partners, have been allowed to operate. They have foreign currency at their disposal because the currency law in Algeria has also been changed. Currently both natural persons and legal entities are authorized to possess currency accounts in Algerian banks, which greatly facilitates international account clearing. Aside from wholesalers who are engaged in trade for the most part in a direct manner, the possibility also exists of finding a representative—a natural person or legal entity—for purposes of representing trade interests on the local market. The systemic changes conducted in Algeria should facilitate the development of trade with this country in the future. I have been fulfilling the function of trade adviser in Algeria since the middle of January. Since that time, I have made many promising contacts, both with state institutions and private enterprises.

[Radziminska] Our imports from Algeria have practically ceased to exist. Does this country, so abundantly endowed with natural wealth, have nothing to offer us?

[Majewski] Algeria has a number of products to offer, above all, minerals—chief among them, phosphate rock.

Polish industry, however, has not accepted them because they are not of the highest quality. The only plant in Poland processing this type of mineral (the plant is in Police) would have to completely retool its technology in order to exploit this type of raw material.

The other natural wealth in Algeria—petroleum—is currently being extracted in small quantities. Algeria does not want to sell to us the part that is dedicated to export; it represents the only source of "quick" cash for Algeria. Moreover, Algerian petroleum is relatively expensive: It costs more than in Rotterdam. Thus, making purchases in Algeria would be economically unjustified.

But as for natural gas, Algeria is indeed an important producer. Many countries—Italy, the United States, France, Belgium, Spain—buy it from Algeria. Poland is also interested in buying gas from Algeria. This does not concern the next few years, but after 1995, when the agreements with the Soviet Union in this sphere expire, we must look for new sources of supplies. Different variants are being considered: One of them is to import gas from Norway, perhaps by means of a gas pipeline, which would run under Bornholm and end in the Szczecin region where it would be coupled with the Polish domestic gas system. An alternative is the proposal to buy gas in Algeria and take advantage of the Italian gas pipeline, inasmuch as it will be extended and attached to the Austrian system and directed through the territory of Czechoslovakia to Poland. Austrians, as well as Czechs and Slovaks, are interested in such a solution. I have conducted many talks in Algeria with the advisers of Czechoslovakia and Hungary as well as an Austrian. Of course, the talks were of an introductory nature and served only to prepare the ground for possible government negotiations in the future. As is well known, Poland will surely soon become the sixth member of the so-called Pentagonal Group, which is to change into the Hexagonal Group. This may contribute to resolving this question according to our way of thinking.

Moreover, there exists the notion of gas compensations: This would be a multilateral agreement allowing for physical receipt of gas from states that are party to the agreement or else ensuring additional quantities of gas from the Soviet Union. On the whole, this is an unusually important topic for Poland because we must find a source to supply our industry with this fuel.

We are already undertaking efforts to see that Poland gets a good spot in the line for Algerian gas. Algerians prize participating in the modernization of gas transmission and gas processing in their country. This is of course connected to the extension of credit, which Poland is currently unable to obtain. Considering that, we will manifest our physical presence. My Italian and French colleagues, with whom I spoke on this topic, did not exclude the possibility of employing Polish specialists in performing modernization contracts. Welders as well as other specialists connected to the gas industry will be needed. I believe that it may also turn out to be interesting for Polish contractors, who will be able to delegate their employees to Algeria within the framework of

agreements with foreign firms. It would allow them to maintain continuous contact with the Algerian super-company Sonatrach, which is involved in the exploitation and distribution of minerals.

There also exists the possibility for Polish enterprises to build small cement plants on Algerian territory. We are undertaking essential activities in this direction, and I believe that soon specialized firms will be able to make bids. In this case, it is not necessary to finance the contract because the means for realizing it will be ensured by one of the Algerian trade chambers. Bids will be invited and Polish enterprises should win.

[Radziminska] Let us go, if we may, to matters of a more general nature. The current political crisis in Algeria surely has an economic basis. How do you evaluate the economic future of that country?

[Majewski] As a matter of fact, the recent events have a decidedly economic basis. The broad masses of Algerians are dissatisfied with the economic and political system in their country. The National Liberation Front's monopoly on power elicits strong resistance in numerous groups of society. This may be expressed in grudges against the former combatants of the war of liberation or in extreme, orthodox Muslim attitudes. The Islamic Front for Salvation [FIS] is the party which won last year's local elections and has recently organized demonstrations and strikes, demanding the resignation of the president as well as changes in the electoral system from a majority basis to a proportional one. Only such a system would give it a chance of victory, highly uncertain in any case, in the general elections.

The FIS has based its successes so far on social discontent and the difficult material situation of the population. Algeria is heavily indebted and pays its obligations in petroleum and gas. It momentarily benefited from the rise in petroleum prices during the crisis in the Persian Gulf; now that prices have fallen, matters have become complicated again.

You asked about the economic future of Algeria. I would say that there are two variants. If the Islamic Front for Salvation indeed wins the parliamentary elections in the future, the situation in this country will get even worse. Algeria will close itself to foreign capital, the liberalization of foreign trade will be canceled, and the assured right to private property in industry will be suspended. With such a course of affairs, it may happen that the country will retreat politically and economically several centuries backward. I believe, however, that Algeria will remain just as it is and will open more and more to cooperation with the entire world. At this moment, the Italians, who skillfully filled the hole left there by the French, are the Algerians' number-one partner.

[Radziminska] What strategy of operation would you recommend in this situation to Polish enterprises interested in the Algerian market?

[Majewski] I would advise them to adopt a strategy of waiting; that is, cautious observation and the manifestation of a presence through personal contacts. Tracking invitations for bids in the press is very desirable—especially in the local bulletin BOMOP and the weekly MEED. The Office of the Trade Adviser will strive to be of help in this and inform potentially interested Polish firms about invitations for bids.

I believe deeply that cooperation with Algeria will allow us to significantly increase turnover in the future. We attach great hope to contacts between private enterprises of our two countries. We are very much counting on the expertise of employees in the Polish foreign trade and on efficient, rapid preparation of bids, in French of course, which would increase the chances of winning contracts. Algerian partners—directors of large industrial plants or wholesale suppliers of suki, in other words, Algerian department stores—are as a rule impeccably educated people familiar with the technical aspects of foreign trade, law, and commercial customs. They are very interested in cooperating with Poland and manifest lively feelings in connection with the transformations taking place in our country.

[Radziminska] Thank you for the interview.

Press Market Developments Outlined

AU1607165791 Warsaw ZYCIE WARSZAWY in Polish
10 Jul 91 pp 1-2

[Article by Igor Janke: "The New Polish Press Capitalists"]

[Text] What newspapers and magazines do Poles read? The answer to this question might come as a surprise to many people. PRZYJACIOLKA and JESTEM have the largest print runs—1,346,000 and 1,000,000 copies, respectively. They are followed by SKANDALE, with 650,000 copies, and then NIE and GAZETA WYBORCZA, which both have print runs of 400,000 copies.

GAZETA WYBORCZA is clearly the most popular daily newspaper. TRYBUNA SLASKA has a print run of 277,000 copies. RZECZPOSPOLITA has a print run of 230,000 copies, of which almost 80 percent are distributed on a subscription basis, mainly to institutions. Wroclaw's DZIENNIK ZACHODNI publishes 211,000 copies. ZYCIE WARSZAWY, which is mainly sold in Warsaw and the surrounding voivodships, has a print run of 180,000. SZTANDAR MLODYCH, TRYBUNA, and EXPRESS WIECZORNY both have print runs of over 100,000 copies.

Figures for sales of newspapers and magazines in Warsaw and the surrounding area present an interesting picture. The papers that sell best in the capital are ZYCIE WARSZAWY (95,000) and GAZETA WYBORCZA (70,000). EXPRESS WIECZORNY and NIE both sell 55,000 copies each. SKANDALE and CATS sell 30,000 copies each.

As far as local papers are concerned, the ones with the largest print runs are those that have been appearing for years, even those that have a Polish United Workers Party past. In Poznan, WIELKOPOLSKI DZISIAJ, which was publicized as the first private newspaper, has folded, whereas GAZETA POZNANSKA (the former voivodship committee organ) and GLOS WIELKOPOLSKI are flourishing—both have print runs of about 100,000. Old Krakow newspapers such as DZIENNIK POLSKI and GAZETA KRAKOWSKA have similar print runs, whereas CZAS, which has been published by Solidarity circles for the past year, has a print run of only 39,000 and returns of almost 30 percent.

Various papers of a lower caliber—from the sensational to the more or less pornographic—are enjoying great popularity. DETEKTYW and KOBIETA I MEZCZYzna have print runs of 400,000, and CATS and LEKTYR have print runs of 250,000.

Print runs for weeklies are declining. Only POLITYKA (300,000 copies, but 30 percent returns) and Poznan's WPROST (150,000) are holding their own. PRZEGLAD TYGODNIOWY sells 100,000 copies (returns amount to 30 percent), TYGODNIK SOLIDARNOSC sells 71,000 (returns of almost 40 percent), and SPOTKANIA sells 80,000 (returns of 42 percent). GAZETA BANKOWA, TYGODNIK POWSZECHNY, and WOKANDA all have print runs of about 35,000.

However, the lack of success that new newspapers have met with is not discouraging people from publishing new titles. Three new national newspapers are to appear in the next few months: OBSERWATOR, which will be run by the editors of the former television program of the same name; GLOB, which will be headed by Jerzy Bralczyk and Artur Howzan; and NOWA EUROPA, which is being prepared by the Management and Banking company. The latter publication is to be run by Krzysztof Teodor Toeplitz, and its editorial board will probably include quite a number of people from POLITYKA.

Press publishing is proving to be an increasingly attractive field for doing business. It is probably the area in which ownership changes have occurred the fastest. It is true that capital concentration in the press market is not on the same scale as in the West, but there already are institutions publishing several titles.

The largest press magnate is the owner of the French Socpress group Robert Hersant. The group has acquired five publications: WIECZOR WYBRZEZA, DZIENNIK BALTYCKI, EXPRESS ILLUSTROWANY, DZIENNIK LODZKI, and Krakow's TEMPA. Socpress also has a share in the lease of Silesia's DZIENNIK ZACHODNI.

The publisher of the latter is the company Management and Banking. It is also the owner of the monthly ZARZADZENIE, co-owner of GAZETA BANKOWA, and formerly owned PRZEKSZTALCENIE and NA

PRZELAJ, which recently ceased publication. Management and Banking will soon start publishing the color daily NOWA EUROPA.

The company also owns the Fact publishing house, which recently brought books by Edward Gierek and Piotr Jaroszewicz onto the market.

The Agora company, which publishes GAZETA WYBORCZA, also publishes two other publications: the youth magazine ROCK AND ROLL and the Polish edition of the Paris-based ZYCIE LITERACKIE.

The Solidarity Press Foundation publishes EXPRESS WIECZORNY and the weekly OBSERWATOR.

The owner of the Poznan-based WPROST is the ROK Corporation, which also publishes the monthly TELEWIZJA; the monthly will shortly be transformed into a weekly.

The Inter-Media company publishes three monthlies: SUKCES, AUTO SUKCES, and ZDROWIE I SUKCES, which have a combined print run of 400,000.

Shares in the three publications are also held by the Przekaz company, which is owned by the Gdansk Region Solidarity Board. It publishes TYGDONIK GDANSKI and, together with HERSANT, DZIENNIK BALTYCKI and WIECZOR WYBRZEZA.

The Social Democratic Party of the Polish company Ad Novum published TRYBUNA, CHLOPSKA DROGA, and ZYCIE ZYRARDOW, but last week the Prasa-Ksiazka-Ruch [Workers' Cooperative Publishing House] Liquidation Commission decided to transfer ownership of the three titles to the State Treasury.

The press market in Poland is undergoing a revolution. Some publications are being wound up, and others are appearing. Papers are changing owners, who are seeking as big a market share for their publications as possible. The process has still not been completed, and at the moment it is difficult to tell whether, in a few years time, the Polish press will be dominated by a few large sharks or whether publications will remain in the hands of smaller-scale owners.

Enterprise Privatization Classifications Explained
91EP0568A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 12 Jun 91 p IV

[Article by Antoni Kowalik: "Pushing for Privatization"]

[Text] Development of a firm constrained by wage interests, lack of motivation to increase profits, low mobility of capital, and inefficient utilization of assets—this is only the beginning of the list of main sins of state enterprises.

The second year of new management principles has only confirmed the opinion that public-sector enterprises, en masse, continue to be out of touch with the environment that a free market creates. First-quarter figures do not

show the production efficiency and expansion that was expected in the public sector. The charge that, instead of taking action inside the enterprise to improve its efficiency, the wait for more liberal rules continues to be valid. There are still too many people more willing to tinker around on the higher levels than to put their own house in order.

The state sector is waiting for the earthquake—a small one, for now—which will occur in the next few months, as was announced in the government program on structural changes. It is important that transformations take place as quickly as possible and cover a large part of the economically important organizations. The goal is to create a structure of ownership in which different forms of private ownership will prevail. It is believed that the transformation of a state enterprise will in itself give it greater ability to adapt to difficult external conditions.

When and By What Method?

The program provides that by the end of June 1991 a chart of state enterprise transformations will be created in which each enterprise will be able to read what the central level intends to do in regard to it. Such a classification is necessary, first, to conduct the privatization, and second, so that each enterprise will know what its fate or prospects will be. The quite prevalent feeling of temporariness is not good for either production or management.

The classification will take two criteria into account—time and type of transformations. Therefore, it will answer the question: When will the enterprise be transformed and by what method? The result will be a division of enterprises into those that:

- Retain permanently, or for the foreseeable future, a state type of ownership, which does not exclude changes in organization to make it more efficient than the state enterprise formula.
- After being commercialized, will be subjected to general privatization.
- Will be subjected to privatization liquidation in order to turn it over to paid use.
- Will be subjected to privatization in order to sell it or transfer the property to a company.

The basis for this division will be both the applications of the enterprises, which will themselves choose a specific privatization method—this applies mainly to commercialization for the purpose of privatization according to the present individual procedure and liquidation in order to turn the enterprise over to paid use—as well as on the basis of a classification made by the founding organs and the minister of ownership transformations.

The above categorization does not cover all possible solutions. It does not include enterprises liquidated by virtue of the Law on State Enterprises, those covered by a reparation system, State Treasury companies, and those organizational units that qualify for bankruptcy.

These categories will be formed from all groups on the basis of the economic condition in which they find themselves.

Transformation of Small and Medium-Sized Enterprises

Thus far, the privatization of this group of enterprises is proceeding very one-sidedly. Almost 90 percent of this is leasing and rental by companies in which employees have a share. Therefore, in order to give our own capital an opportunity to take a more active part in privatization, a system of quick sales of small and medium-sized firms has been prepared. It is to function according to the following rules:

- The sale will take place at the initiative of the founding organs.
- The sale will take place by way of an auction or public offering.
- The starting price will be established in a simple way, without the use of the present expensive appraisals.
- The market will establish the value of the enterprise.
- Should there be no willing buyers at a given price, the price will be reduced and the auction will be repeated, or privatization will not take place.

The quick-sales system will include both good enterprises as well as those in poor condition. A list of them will be compiled on the basis of proposals from founding organs, i.e., mainly voivodes. This also means that sales will be decentralized.

Many modifications have been announced—changes in regulations and procedural improvements which will simplify the course of transformations. For example:

In enterprise leasing by an employee company a solution has been introduced that consists of setting an upper limit on the interest rate of the capital, which is the basis for the calculation of the so-called additional fee. It would be fixed using the present rule of three-fourths of the amount of the current interest rate on refinancing credit, but not higher than 30 percent.

Liquidation procedures implemented on the basis of various laws will be standardized. This method of privatization will also be simplified. The rights of the founding organ, as the representative of the State Treasury, and the organs of the enterprise and the liquidator, will be precisely defined.

Commercialization of Large Enterprises

Acceleration of ownership transformations is particularly important in the case of large firms. They have a dominating share in production, in the creation of income for the Treasury, and are also the least receptive to changes.

Acceleration in this group is to take place through commercialization, i.e., transforming a large number of such firms into one-person State Treasury companies.

Thus far, transformations at the application of the enterprise organs have covered 140 organizational units, and 300 more have expressed the intent to have this done by the end of this year.

If this number is to be increased, it must be done from the top. The chairman of the Council of Ministers has been given the power to do this in Article 6 of the Law on Privatization, which states that he can, at the request of the minister of ownership transformations, order the transformation of an enterprise into a company.

It is envisaged that in the first stage, between the second and third quarter, about 400 enterprises will be commercialized. This will be the basis of general privatization. Enterprises of relatively good economic condition will make up this group.

Altogether, by the end of the year, about 1,000 enterprises will be commercialized, of which 700 will be through top-level procedures, and 300 according to the present procedures. This will already be a significant part of the economy. The amount of production in 400 commercialized enterprises in the first stage equals approximately 25 percent of the amount of sales in industrial production. Twelve percent of all persons employed in industry work in the enterprises that will be privatized.

Simultaneously with preparations for general privatization, a privatization of capital is being implemented in accordance with decisions made earlier. By the end of the year, it will cover approximately 300 enterprises.

Tax Evasion: Consumer Goods Disappear in Transit

91EP0568D Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
7 Jun 91 p II

[Article by K. J.: "Disappearing Goods"]

[Text] About 70 percent of the shipments declared as passing in transit through Poland remain in our country. This was confirmed by a random inspection of border crossings and customs offices in Cieszyn, Wrocław, Kudowa-Zdrój, and Ogrodniki.

The objects of these offenses are primarily consumer goods, mainly food items, i.e., alcohol, cigarettes, chocolates, salted nuts, and consumer electronics goods. The reason is a desire to avoid the payment of duties and taxes. In the case of imported tobacco and alcohol products, it is the desire to avoid the duty of obtaining an import permit.

The Supreme Chamber of Control [NIK] also confirms many improprieties in in-transit shipments. Only 30 percent of the automobiles heading in the direction of the Soviet Union are accompanied by transport documents. These documents facilitate the inspection of shipments at the entry and departure border crossings, and every departure outside the boundaries of Poland is confirmed at the entry border crossing. The remaining

70 percent of transit haulages take place on the basis of other transport documents—an AGT [expansion unknown] manifest and a CNR [expansion unknown] transport list, which makes it difficult to determine the legality of the transport.

NIK studies covering the fourth quarter of 1990 showed that, although no transgressions appear in the transports made on the basis of TIR [expansion unknown] tickets, in the in-transit shipments made on the basis of AGT and CNR, there are considerable irregularities.

When the records from the border entry points (Cieszyn, Chalupki, Kudowa-Slon) were compared with the records from the declared departure points (Terespol, Kukuryki), it turned out that in over 30 percent of the cases part of the shipment was unloaded or altered. Also, about 30 percent of the automobiles whose drivers, at entry into Poland, declared Kukuryki as their departure point did not report to this border point for customs clearance.

In approximately 50 percent of the cases the description of the shipment is not precise, e.g., spare parts, general cargo, construction materials. This makes it impossible to determine whether the cargo reported at departure is the same cargo which was brought into Poland.

Given this situation, the Main Customs Office and the Ministry of Foreign Economic Cooperation have taken some steps. The chairman of the Main Customs Office issued Circular No. 2, dated 22 March 1991, establishing a customs inspections procedure. It states that delivery of goods being transported through Poland by vehicle to a receiving customs office cannot be made sooner than 48 hours from the time it leaves the forwarding customs office.

In those cases where the objects of transit are tobacco or alcohol products, the formal requirements were stiffened. The customs offices are required to immediately inform each other about the transit of these goods, supplying information as to the means of transport, type and quantity of goods being transported, and information on the shipment and arrival of the goods. In a situation in which the goods are not delivered within the time period stated in the regulations, all customs offices and police departments are informed of this with a request that a search be begun for the means of transport (most often a vehicle), the driver, and the goods.

If the transport of these goods takes place without a guarantee document, the customs office can collect the amount of the duty and taxes due from the bond. These requirements can also be applied to other goods if there is a suspicion that Polish customs regulations have been violated in transit.

In addition, a change in the article pertaining to transit is proposed in the draft of the new customs law. The transport of goods in transit through Poland will probably be made dependent on the submission of a bond.

Transport without a bond would be possible only on the basis of guarantee documents established in international agreements.

Refineries To Focus on Need for Unleaded Fuel

91EP0568E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 11 Jun 91 p II

[Article by Krystyna Forowicz: "Four-Wheels Attacked"]

[Text] The ecologists are warning us that Poland may have difficulty in keeping its commitments in the struggle with pollution and the "greenhouse effect" if it does not reduce vehicular traffic. The number of automobiles is steadily growing. Our roads are carrying 4,250,000 passenger vehicles, 530,000 delivery vans, 490,000 trucks and buses, and 1,130 thousand farm tractors (these are 1989 figures). To these numbers we must add the new, or actually old, large automobiles brought into our country from abroad.

The share of toxic substance emissions in the pollution of our environment caused by vehicular use (in total emissions from all sources) is 29 to 38 percent. This includes 1,300,000 tons of carbon monoxide, 360,000 tons of hydrocarbons, 450,000 tons of nitric oxides, 22,000 tons of soot, 1,600 tons of lead, 50,000 tons of sulfur dioxide, and 2,200 tons of asbestos. Our vehicles are very uneconomical in fuel consumption. In 1989 they used 3.3 million tons of gasoline and 5.1 million tons of diesel oil. They are also extremely noisy. Noise caused by vehicular traffic in large cities is in the 65 to 75 decibel range, while the permissible limit is 60 decibels. Those are the facts.

The Ministry of Environmental Protection, Natural Resources, and Forestry prepared a "Program of Endeavors Leading to a Reduction of the Harmful Effects of Vehicular Use on the Environment." The cost of implementing this program during the years 1991-2000 will be approximately 1,100 billion zlotys (according to September 1990 prices). The document speaks of several matters which have not yet been settled. These are primarily the legal regulations which must be adapted to EEC requirements. Our standards for approval certification and production control, although generally based on UN and EEC regulations, are less strict. The regulations governing the maximum allowable amount of lead and sulfur are also much more liberal than those in effect in Western Europe. Even our Polonez does not meet international ecological requirements, to say nothing of our other vehicles. Measurements conducted by the Environmental Monitoring and Testing Center in Plock showed that about 40 percent of our automobiles exceed the permissible concentration of carbon monoxide.

The program requires the Ministry of Transportation and Navigation and the State Pollution Inspection Office to introduce, by 1995, new approval certification systems and put control of production and use, from the

standpoint of environmental protection, in order. The Ministry of Transportation and the Ministry of Environmental Protection, Natural Resources, and Forestry will prepare more rigorous standards for vehicles which are a particular menace (we are referring to buses, taxi cabs, delivery vans) to bring them in compliance with the requirements of EEC regulations, and will specify ways of putting them into effect.

The minister of industry will be responsible for introducing low-lead and unleaded gasoline to the market, as well as diesel oil with a reduced sulfur content. To do this, investments in refineries amounting to 230 billion zlotys are planned. But this does not mean that it will not be necessary to import these fuels. In two to three years it is expected that production of friction lining containing asbestos will be completely halted. Again, 200 billion zlotys has been designated for this purpose.

What is not mentioned in the program? Changes in Polish automobiles that would reduce their consumption of fuel. Not a word was said about introducing a new generation of engines. But this is not within the purview of the Ministry of Environmental Protection, although ecology would benefit from it.

Weaknesses, Remedies for Steel Industry Outlined *91EP0568B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 12 Jun 91 p 1*

[Article by Barbara Cieszevska: "Five Main Weaknesses and Western Remedies"]

[Text] Some rather obvious and unpleasant facts have emerged from a report on the Polish steel industry prepared by Wiktor Zymlo from Ecole Centrale de Paris.

In his opinion, the weaknesses of the Polish steel industry stem from the following:

- The enormous technological delays, i.e., lack of a continuous-casting steel technology.
- The disastrous tradition which emphasizes quantity and not quality; hence, the minimal absorption of innovations and the incredibly slow application of new methods and new, more highly processed products.
- The lack of managers who would know and be able to apply modern methods of management and communication.
- The maintaining of old mills and departments (almost 30 percent of production comes from open-hearth furnaces. In the former FRG there is not even one such furnace.
- The unfavorable arrangement of forces in steelmaking enterprises. The management, formerly in the hands of the communist nomenklatura, was taken over by self-managements, which are controlled by the trade unions. Furthermore, no one has experience in joint management of an enterprise.

The writer of the report examined the Western remedies suggested to bring about a recovery in the Polish steel

industry. They come down to a few proposals. Because the world is choking on an excess of steel and the difficulties of finding new sales markets are huge, the Polish steel industry should:

- Liquidate the old, and therefore obsolete, installations, departments, or even entire mills, which will result in a reduction of production capacity.
- Focus on marketing studies to determine where the market is, and not on the internal problems of the steel mills. A knowledge of actual market needs is essential because the experience of Western firms has shown that, in order to survive and prosper, new customers, new markets, and new applications for steel must be found.
- The most urgent task has to be an improvement in the utilization of existing installations, and large capital investments should not be entered into until after some time has passed. Meanwhile, Polish specialists consider investments in modernization, e.g., in continuous casting of steel, to be the most urgent tasks. Experience has shown, say Western experts, that if restructuring is to succeed, the technology now in use should be perfected and only then will a climate for change be created.

Western proposals are directed at retaining the European Coal and Steel Community—EUROFER—to the year 2000. This organization was supposed to counteract the growth of deliveries of steel from Eastern Europe. There is talk about granting assistance to those who operate in conformity with free market principles and reduce production by liquidating unprofitable steel mills. Also deserving of assistance, say the Western experts, are those that improve their research and development operations and reduce pollution.

The cost of modernizing the Polish steel industry is estimated at \$2 billion, and the work will take about five years. This is more than either the steel industry or the state can afford. For comparison, it should be said that during 1980-85, the steel industries of Western Europe received approximately \$38 billion in the form of subsidies, repayable loans, and subventions. Thirty percent of this sum went for modernization, 6 percent for liquidation of old mills, and approximately \$20 billion was spent to protect steelmaking groups against bankruptcy.

We must also realize that large Western firms are not rushing with proposals to invest jointly in the Polish steel industry. For example, last year British Steel Corporation had a sum of \$1.6 billion in cash. It intends to invest this capital in the the United States and Spain because it sees gigantic customers there, such as General Motors, Ford, and so forth.

A clear and comprehensible concept for restoring the health of the Polish steel industry would, in Wiktor Zymlo's opinion, definitely increase its appeal to Western firms. Perhaps they would be more willing to invest their capital in Poland. Today even the credits

granted to us are being directed very reluctantly to the Polish steel industry, probably for the reasons stated above.

Predictions for Wheat Crop Output Described

91EP0568C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
12 Jun 91 p 1

[Article by Edmund Szot: "Entry of the Dragon (or Pacifier?)"]

[Text] According to the forecasts of the Agency for Agricultural Marketing [ARR], under favorable agricultural climatic conditions, the crop output will be 26.3 million tons, i.e., 1.4 million tons less than last year. But late vegetation and the cold weather in May have canceled out this variant. In the second variant (a moderate one), the crop output would be 22.6 million tons, (5.1 million tons less than last year). In the third variant (a pessimistic one), a harvest of 19.6 million tons of grain is anticipated (8.1 million tons less than last year).

Forecasts of crop sizes are important because the price of grain procurement is dependent on them, as is the price of interventional procurement. It is also good to know early whether or not it will be necessary to import 300,000 tons (variant I), 3.3 million tons (variant II), or 5.3 million tons of grain (variant III). It should be added that the price of grain on the world market has risen slightly. A ton of American wheat costs \$118, French wheat, \$95, and EEC barley, \$92.

ARR forecasts may appear to be too pessimistic. According to estimates of the Institute of Agricultural Economics and Food Economy, in the middle variant, crop output will be 25.2 million tons, therefore they would be only 2.5 million tons lower than a year ago. The reliability of both forecasts will soon be verified.

Grain stocks still on the market at the end of June totaled 1.5-1.7 million tons. Grain stocks in the hands of the farmers are estimated at 0.5-0.7 million tons. Total final stocks of grain, therefore, will be 2.0-2.4 million tons and will be 0.8-1.2 million tons higher than a year ago.

Stocks of domestic grain (with output of 22.6 million tons and a 0.8-1.0-million-ton reduction of stocks on the market and at the producers), would amount to 23.4-23.6 million tons. This would then be 3.1-3.33 million tons less than the demand, estimated at 26.7 million tons.

Of this 26.7 million tons, 1.9 million tons is designated for sowing, 17.4 million tons for feed, 6.0 million tons for consumption, and 0.3 million tons for processing by the alcohol and beer industry. It is envisaged that ullage and waste will total 1.1 million tons.

The commodity production of grain, according to ARR, will be 4.8 million tons. But procurement in the third quarter will not exceed 2 million tons because of the stocks remaining in the State Grain Elevator warehouses and because of the discouraging credit policy. There will be a surplus of supply, therefore, as a result of economic conditions, which may bring about a temporary drop in the price of grain.

"Entry of the dragon," i.e., ARR intervention, may prevent an extreme drop in these prices. During the peak supply period the agency will buy 0.6 million tons of grain.

The interdependence between the size of the crop and the price of the grain is such that a one-percent drop in crop size causes (if inflation is low) a 1.5-percent rise in the market price. Using this dependency it has been calculated that under the optimistic variant of crop size (26.3 million tons), the procurement price of wheat will be 910,000 zlotys, while rye will cost 650,000 zlotys per ton. In the moderate variant the amounts are 1.07 million and 790,000 zlotys respectively, and in the pessimistic variant, 1.18 million and 89,000 zlotys respectively.

As can be seen, in the moderate variant the price of wheat would be close to what it now is on the EEC market.

But experts have questioned the procurement prices so calculated and believe them to be too high (by 15 to 20 percent).

The Agency for Agricultural Marketing would naturally use the interventional price of procurement, which is 10-percent lower than the proposed guideline price, i.e., 770,000-780,000 zlotys per ton of wheat and 560,000-570,000 zlotys per ton of rye. Let us remember that, according to the National Union of Farmers, Agricultural Circles, and Agricultural Organizations, the guideline procurement price of wheat should be 1.2 million zlotys, and of rye, 950,000 zlotys per ton.

National Antidrug Organization Established

LD1207104891 Warsaw PAP in English 2034 11 Jul 91

[Text] Warsaw, July 11—Chief of the Polish social movement for combating drug addiction "Monar" Marek Kotanski formed here Thursday a special all-country unit to detect drug producers and traffickers. Kotanski said that the new organization would try to identify and locate dealers and producers of drugs. "We are fed up with the daily brutality and ruthlessness in the drug-addicts circles as well as with addiction spreading to youngsters.... Members of the unit are former drug addicts," Kotanski explained.

Danger of Legalizing Decisions on Secrets Noted*AU1707113591 Bucharest DREPTATEA in Romanian
12 Jul 91 p 4*

[Article by Serban Sandulescu: "Romania Will Again Be a Concentration Camp!"]

[Excerpts] The mania of secrecy is characteristic of every dictatorship, and it plays the role of protector of incompetence, abuses, and the crimes of the respective regime. This mania took aberrant dimensions under the fascist and especially under the communist regimes. In our country, during the Ceausescu era secrecy reached the highest level in the communist camp.

Under the protection of this secrecy, preparations for World War II were carried out, and the establishment and functioning of concentration camps, the perfecting and proliferation of mass extermination means, which were protected by the greatest "military" secret and resulted in tens or maybe hundreds of millions of victims, was made possible. Perhaps we will never know their exact number.

The same mania of secrecy also made possible the cover-up of the economic disaster of all communist regimes for such a long period.

The mania of secrecy also represents the most efficient method of exercising pressure on people, of crushing their dignity and reasoning, and turning them into slaves of an ideology or of a regime. How else can one explain the fences protected by barbed wire and the sentry boxes around research-design institutes, in which Securitate—currently SRI [Romanian Information Service]—members are standing day and night giving these buildings of science and creation the aspect of concentration camps or prisons.

Why is it necessary to cultivate the obsession of "relations" with foreigners, who should be watched and reported on as if they were true criminals?

There are secrets in the free world as well. Yes, there are military secrets, which protect the information that regards the defense capability of a country, and commercial secrets, proper to each firm, something that must be observed by all the employees of the respective firm. But these two types of secrets are of a totally different nature. While the military secret is defended by laws and specialized state bodies, the commercial secret is protected by each firm through its private means and methods. However, each employee knows that disclosing the secret of research, design, or production of his firm to another firm can make the second firm come up earlier on the market with the same products, and it will turn him into an unemployed person. More than that, he can be absolutely sure that the firm to which he sold his secrets will not hire him because he is not trustworthy. Someone who sold a secret once might do it again.

The merging of these two types of secrets, that is, the "military" or "state" secrets and the commercial secret, is typical for communist regimes. [passage omitted]

It is obvious that only sick minds, remnants of the Ceausescu regime, which are headed by Virgil Magureanu [chief of the SRI] and a number of ministers, could ask for the revival of decisions which are not able to or do not want to distinguish between the "military" or "state" secret and the commercial secret.

Such a decision grants a free hand to employing or reemploying a whole army of tens of thousands of "counterinformers" who are going to recruit other tens of thousands of informers, thus together they will establish the foundation of the dictatorship that is emerging.

In this way Romania will become again a huge concentration camp, which will very much resemble the one in Oswiecim.

Under such conditions, how does Ion Iliescu's current dictatorship think it can make foreigners bring capital into our country and make investments which would create jobs and would pull the country out of the economic disaster that was left behind by the Ceausescu regime, an economic disaster that has been completed by the current Iliescu-Roman regime?!

The fact that the Parliament endorses and tolerates—out of ignorance or ill faith—the establishment of such laws and decisions represents the most serious feature in the current course of events.

Therefore, we ask ourselves the question again: How long will the opposition tolerate such a parliament, which has been too mildly called the "parliament of shame?" As a matter of fact it is the parliament of national treason, which is legitimizing a new dictatorship!

UDMR Will Not Withdraw From Parliament Session*AU1707200691 Bucharest ROMPRES in English
1836 GMT 17 Jul 91*

[Text] Bucharest ROMPRES, 17/7/1991—Wednesday afternoon the Parliamentary Group of the Hungarian Democratic Union of Romania [UDMR] in the Assembly of Deputies organized a press conference where it presented its stand on the privatization bill and on their way of action within the proceedings of the legislative forum.

On the occasion, that group's leader Geza Domokos opined that the withdrawal of parliamentary groups from the debates of certain bills should be made only in extraordinary circumstances.

From our point of view, the speaker showed, I must say that we cannot renounce a right, our right to propose amendments, to make proposals. Neither can we renounce our right to eventually vote against that bill.

We start from the idea, Geza Domokos continued, that the participation in the debates is a fundamental duty to our electorate. On the other hand, we do not exclude the possibility to be able to improve the present bill even if we have the sad experience of seeing that our rational proposals are not taken into consideration by the majority. I can show that only in the short time since the session's resumption we have scored a success: we have introduced an amendment in the first article of the bill.

Answering the journalists' questions, Geza Domokos said that by this stand the Hungarian Democratic Union of Romania did not consider itself as leaving the opposition, where it still belongs.

Answering another question, the UDMR leader asserted that the group's deputies would not withdraw from the debates on that bill in any circumstances and that they would also participate in the final vote.

We cannot anticipate how our vote will be but in any case we shall not withdraw from the debates, Geza Domokos concluded.

PNL Group Walks Out of Senate Session

*AU1707143791 Bucharest ROMPRES in English
1318 GMT 17 Jul 91*

[Text] Bucharest ROMPRES 17/7/1991—The July 17 proceedings of the Romanian Senate were interrupted at 12:45 when the parliamentary group of the National Liberal Party [PNL] walked out.

The opposition resorted to this form of protest when the majority group suggested that an article in the privatization bill be adopted by nominal and open vote, as a counter-proposal from the opposition to readopt the secret ballot. Although the latter proposal was voted it was a consequence of a number of procedural inadvertencies, as the votes were not counted.

The Senate Standing Bureau met in an emergency session to look into the situation.

Generals Stanculescu, Guse Not at Trial

*AU1707092791 Bucharest ROMPRES in English
0856 GMT 17 Jul 91*

[Text] Bucharest, ROMPRES 17/7/1991—A man in the news of the post-revolution period, eulogized and blamed almost to the same extent, the person who held after the December 1989 events three of the most important portfolios, General Victor Atanasie Stanculescu, was summoned to testify in the July 16 session of the Timisoara trial but he did not come to the court.

Another outstanding participant in the Timisoara events—General Stefan Guse—too, was expected to testify in the same session, but he did not show up either. The court explained that he "is on duty in a zone of military operative drills."

So, only one summoned witness: Major-General Petru Teaca, was present. In December 1989 he had been commander of the frontier guards. He admitted that starting with December 17, 1989 the two frontier guard units in Timisoara were armed and got war ammunition, but he definitely denied that the military of those units used the weapons against the demonstrators, be it even as warning. He also denied the theory sustained by some defendants according to which during the events in Timisoara there had been a growing number of foreign citizens at the frontier stations of entry into Romania as compared with the previous period.

Another witness examined in the same session was Silviu Curticeanu, former chief of Chancellory and secretary of the CC [Central Committee] of the RCP [Romanian Communist Party], who had been sentenced a few months ago along with other former members of the Executive Political Committee of the CC of the RCP, to 2.5 years of prison for abetting genocide. Just like at his own trial and like all former party dignitaries together with whom he had been tried, he denied that the Executive Political Committee decided in the December 17, 1989 meeting to repress by arms the events in Timisoara, sustaining that it had resulted from Ceausescu's presentation of the situation that he had issued certain orders before, without however submitting them to the plenum of the mentioned political forum for approval.

European Community's Reaction to Crisis Reviewed*91BA0895C Zagreb DANAS in Serbo-Croatian 2 Jul 91 pp 34-35*

[Article by Mirko Galic: "Fear of the Balkans"—first paragraph is DANAS introduction]

[Text] Instead of the Europe of the 21st century, the EC statesmen dealt with the Balkans of some time ago.

Luxembourg (from our permanent correspondent)—Once cooler analyses are prepared of the hot days in Slovenia and Croatia, it may be easily shown that in that misfortune there was also a grain of fortune outside: On the same day when the Army introduced the additional weight of its intervention into the chronic Yugoslav political crisis by force, the EC heads of state or government were meeting in Luxembourg. The exclusive society of states turned into a crisis headquarters for putting out the Yugoslav fire. Instead of becoming passionately absorbed in a discussion about the "Europe of the 21st century," Kohl, Mitterrand, Major, and the other European statesmen were confronted by the Balkans of some time ago.

Did Western Europe save "what was left of Yugoslavia" from greater bloodshed? The most important thing, from the standpoint of the Twelve, was achieved by interrupting the violence and thus creating the minimal conditions for resuming negotiations; the swords have not been completely returned to their scabbards, they are being brandished, but less killing is being done than there appeared on the first day. To that extent, the Council of Europe—that is the name of that political association—ended more happily than it began, with the hope that a "new dialogue for a new Yugoslavia" was possible. The optimism is limited, however, because all the problems that existed before and which led to the escalation of violence are still in place—the political problems, because there is no consensus, not even a minimal one, on the system for the country; the ethnic problems, because there is not even a grain of trust among peoples; and the economic ones, because less and less is being produced, it is becoming harder and harder to live, and less and less is being expected. The Council of Europe maintained a certain hope, nevertheless, that it would separate Yugoslavia from the Balkans and prevent the "Balkanization" of Europe. The Yugoslav crisis extended for seven days throughout the highest institutions of the EC during the week that will be remembered for the decisions by Croatia and Slovenia to "disassociate" from Yugoslavia. Well informed about the "staff plans" in Zagreb and Ljubljana, the heads of diplomacy, at their conclave in Luxembourg, declared that Western Europe would not recognize new states on Yugoslav territory if Croatia and Slovenia decided "unilaterally" to leave the Yugoslav federation. "The processes of internal negotiations have not yet been exhausted," the ministers pointed out. Adhering to a diplomatic formula of "hot and cold," they are refusing

"any contact at a high level" with the republics that would secede, but they are giving hope that they will recognize them as new entities if that is the result of negotiations and an internal agreement. Such (un)certainly reflects the broader European hesitation between defending the status quo on the European continent, especially the present borders, and a people's right to decide for itself (self-determination).

The opposing principles of pragmatism and idealism have burdened the EC's policy toward the "sick man of the Balkans" for a long time; they cannot push him a "step further" (i.e., into the abyss), but they cannot pull him out of his sickbed. By repeating the formula of a "united and democratic Yugoslavia," the EC objectively, whether it wanted to or not, encouraged one side to defend unity in a centralist manner at the expense of democracy, and encouraged the other side to engage in a "resistance movement" with the motives that democracy and (that kind of) unity are incompatible and opposite. Political scientist Jacques Rupnik sees a "fear of the Balkans" underlying the defense of the status quo, afraid that the fragile area ("powder keg") might turn into a conflagration that could set fire to Europe. The European countries did not take into account one decisive factor—the irrational dimension of the crisis, Rupnik claims. "Millions of Croats and Slovenes no longer want to hear about Yugoslavia, either the first, second, or third one." Everything can once again be reduced to the dilemma: The democratic logic requires respect for peoples' sovereignty, but the logic of the state rejects centrifugal forces, fearing that they could cause broader splits along ethnic lines, and not just in the Balkans. What was unclear became clearer when the tanks turned on their engines and when the Yugoslav Army entered the political scene after it had watched calmly for years as the "manifestation of the people" destroyed the same Constitution that it is now defending. LE MONDE recalls that Europe is "oriented toward the 21st century, concerned about returning to the 19th century," that it showed "reservations" about the "disassociation" of Croatia and Slovenia, and concluded: "The use of force changes the facts. Zagreb and Ljubljana are not the ones who are causing death with gestures and symbolic declarations, but instead it is the intervention by the Federal Army."

With the use of force, the crisis in Yugoslavia acquired the most brutal character since it broke out, and this was what motivated the Twelve to start their summit in Luxembourg, not with an elevated debate on the future of Europe, but rather with particular concern for the future of Yugoslavia. Everything that has been undertaken so far, mostly by verbal appeals to solve the problems peacefully, democratically, through dialogue, or by waving monetary assistance, or even by holding out prospects of European integration, became obsolete in a single day when soldiers acted in place of civilians. Chancellor Kohl, naturally the most prominent statesman in the Palace of Justice in Luxembourg, at least in the portion dealing with Yugoslavia, set the tone

by saying, "We cannot consent to shooting in Europe." Italian Prime Minister Andreotti was more definite: "It is not enough to expend words and repeat appeals. We have to be specific and fast."

The reaction was in the style of that demand—definite and swift. Will there be a healthy child from so many midwives, if something is even born from such diplomatic attempts? No one can answer that, at least affirmatively, because the news from Slovenia and Croatia is changing as if in the stock market, which is an indicator that the earthquake area has not settled down, because the causes of the upheavals have not settled down. And the real stock exchanges also trembled; in the Paris stock exchange, stocks fell in one day more than ever since the end of the war in the Persian Gulf, and in the Frankfurt stock exchanges values fell more than 2 percent. Capital has once more demonstrated its seismic ability to react to political upheavals, confirming what was proven in Luxembourg by the statesmen and their experts—that the crisis in Yugoslavia is also at the same time a Yugoslav crisis, and not a local problem. That is why the European Twelve got up on their feet faster than ever before in their history, sent their ministerial "troika Poos, De Michelis, van den Broek" to the crisis area, activated the "CSCE crisis mechanism" in 24 hours, and appealed to the "involved sides" to break off the battles and the violence together. There were also more radical ideas in the corridors, going all the way up to the West's also being able to use stronger trumps, and even an army, but in the end everything concluded more moderately, probably because the situation in Yugoslavia had declined from a critical to a tolerable danger level.

What remained completely unclear, after everything, was what would happen to Yugoslavia. Will it fall apart into several states, "in the logic of freedom," as one newspaper says? Or will it fall apart and then constitute itself again, as a democratic European country, as another suggests? The decisions by Croatia and Slovenia to "secede" (as their declaration on "disassociation" was understood) did not arouse enthusiasm in the European Community. Germany showed the most sympathy for the interests of the two republic-states, but did not depart from the framework of alliance discipline; France adhered to the standpoint of "territorial integrity before everything," but it also had sympathy for the democratic right of a people to decide on its own life; Great Britain shares with Germany the view that it is necessary to "punish" the Yugoslav authorities and "freeze" assistance (which France refuses to do), but agrees with France that the borders should not be touched, because that can disrupt stability in Europe. All, mostly in that style, combine pragmatism and idealism, interests and principles, some more inclined toward one combination and some toward another. As far as the Army and its political role are concerned, however, the Community let it be known through its energetic and swift action that it did not want an arbiter in uniform, nor a Jaruzelski in a "postcommunist Europe," nowhere and not in any version, even a liberal one. Democracy cannot be reconciled with jackboots, one Paris newspaper claims.

It seems that Western Europe is still interested in the borders, but not just the borders; it is also interested in the (democratic) content of life within those borders.

West Late in Recognizing Crisis Dimension

91BA0895B Zagreb DANAS in Serbo-Croatian 2 Jul 91
pp 34-36

[Article by Davor Glavas: "When the West Is Late"—first paragraph is DANAS introduction]

[Text] Europe only realized the dimensions of the crisis in Yugoslavia when it was faced with tanks on its own borders

Almost exactly two years to the day after Milosevic's ominous warning from Gazi Mestan that "not even armed battles can be ruled out yet," the former Yugoslavia realized with nightmarish astonishment that the words of the Memorandum are not just an empty phrase from an Il Duce-type leader carried away by the love of the masses. Not at all laudably for us, recent years have shown that our readiness to shift the boundary of the evil with which we can live is incomprehensibly elastic. The arrest of some radical sociologist around 10 years ago meant causing an avalanche of reactions and petitions; today, unfortunately, even the bombardment of one's own country and dismembered pieces of human bodies fall into the framework of everyday life—into a picture with which we admittedly do not agree, but which we are used to, as the usual decor. On Saturday morning, the news on the radio talked about war operations in Slovenia, and then gave a report on banditry, murders from ambush, and surprise attacks during the previous night on Croatian territory. This was followed by an advertisement for a new medical and cosmetics line. In other words, the Lebanonization of awareness has already been at work for a long time, and in these last few days its "material" basis has also started at several different points in the seething Balkans.

As the news says, the truce is fragile, and the question is how long it will last. On the other hand, Serbia is allegedly mobilizing, completely in accordance with the recent statement by one deputy in the Belgrade parliament that he would even start World War III if that were the price for "protecting Serbdom." The unforgivable thing in all of this is that the same statements, inspired by the Memorandum, could also be heard publicly two or three years ago; history certainly will not forgive us for calmly watching as that sort of ominous, criminal awareness slowly, persistently, and predictably spread from an atmosphere of insanity to a defined position of official policy—just as history will not forgive the Army either for moving to save Yugoslavia with tanks just when the highest price had to be paid for it, while it had watched almost calmly for a long time before that, while its fundamental idea eroded and, accordingly, the conflicting positions became radicalized to the point of absurdity.

The worst thing—or the most unforgivable, for all the lives that have been ended so far and the many lives that are yet to perish—is that everything that has been happening could have been predicted at least several moves in advance. That is precisely what gives the most striking picture of the responsibility for everything that has happened in the meantime: It indicates, in fact, that there are situations in which, in the big game, people calculate cold-bloodedly with our lives, regardless of what side they are on and regardless of what ideology it is for.

"In the talks in Yugoslavia, we received positive answers to all our questions," stated at a press conference Luxembourg Foreign Minister Jacques Poos, who left for an urgent mediation mission to Belgrade and Zagreb, together with his Italian and Dutch colleagues, Gianni De Michelis and van der Broek. The European troika, carrying in their bag at the same time the threat of an economic blockade that could paralyze all the Yugoslav republics as early as the fall, but also an offer of serious financial aid, brought about—at least that is how it appears at this time—the achievement of a truce. The JNA [Yugoslav People's Army] units, as we heard at the press conference on the night between Friday and Saturday, will withdraw to their barracks, Croatia and Slovenia will suspend their decision on disassociation for three months in favor of new negotiations, and the SFRY Presidency has to be constituted in accordance with the constitutional principles. The European mission warned that the EC would watch carefully to see whether the decisions cited were being carried out, and one should not be surprised at such caution if we recall several previous open breaches of faith, as in the case of the recent promise about the "constitutional transfer of power in the SFRY Presidency." Thus, in other words the European troika emphasized that they were thinking of making a new additional effort to preserve the Yugoslav state community, or at least ensure separation by agreement, although with an obvious transfer of attention to the formally still valid Slovenian-Croatian proposal for an alliance of sovereign states. Approximately the same starting points, with somewhat more vacillation—which is already characteristic—are backed by the U.S. State Department and its head, James Baker: With a great deal of regret over the use of force and the bloodshed caused, and a demand for the instant cessation of all military operations, the United States is emphasizing that the only guarantee for a lasting and stable peace in the Yugoslav area is "a new constitutional settlement of the relations among the Yugoslav peoples," stressing that all peacemaking and subsequent political decisions will be productive to the extent that they are "accepted by federal and republic political factors." Even this superficial enumeration—and the process of the formation of the international community's position on the events in Slovenia has actually just begun at this moment—surely indicates that the real losers from the new developments in the situation, if we view them from the international perspective, are, of

course, Army adventurism and Milosevic's expansionism, but also the policy of the Federal Government and its prime minister, and that the real winners will be those advocating the ideas of the need for a new historic agreement and a new constitutional solution for relations among the Yugoslav peoples. Our impression is that the West has accepted its responsibility for its former easy-going and at times even compassionate attitude toward "Yugoslav integralism."

Concern on All Sides

Will there be enough time, however, for real materialization at this moment of the advantage that has been obtained, or will it remain only "theoretical"? This doubt is increased by the news just announced that the SNO [Serbian National Renewal] is gathering a volunteer Serbian army that is estimated to amount to 200,000 "fighters." On the other hand, with its tank campaign across Slovenia and its shooting in Osijek, the JNA has shown that it no longer wishes or is no longer able to control, restrain, and purposefully use its own power, regardless of the casualties that this will cause, and also regardless of the reactions abroad. The military machinery that has been real for 45 years—which was visited by citizens until recently for "tactical-technical meetings," while school children climbed over armored cars and peered into their insides—destroyed the myth of its own effectiveness, but also its own inspiration, through its dilettantish actions. Several hundreds or thousands of motivated, although hastily equipped and trained Slovenian territorial defense soldiers have already been enough for this. Just what would have happened if the Army had really been in a conflict with some more significant military force? Through its unreasonable action, the Army, above all, has put an end to the last, thin possible basis for rational Yugoslavia, the ideal for whose sake, viewed in principle, it embarked upon its military campaign.

Final Blow

This is not a question of a single blow—in this regard, everyone, from Milosevic on, has made his own rich contribution; it will be recorded, however, that the coup de grace was given by the generals. It sounds crude, but it is true: Who, besides the Slovenes and Croats, regardless of all the geopolitical, geostrategic, and other implications, of which they usually do not have sufficient knowledge or none at all, will want to live in a community in which he is forced to live by tanks and the Air Force? To whom can one explain that for the West, Yugoslavia is a laboratory in which attempts are being made to find effective means to curb the epochal problems that the world has yet to face after the collapse of the Soviet Union and the enormous vacuum of power that this will cause, or the possible totalitarian reversal in the young East European democracies, which have not yet been consolidated by any means? To whom can one point out the possible spread of the civil war from Yugoslavia to the neighboring fragile political systems, and the suspicion with which German-Italian, Yalta, and

other influences meet and weave their own network in the Balkans.... Is it precisely here, i.e., outside of Yugoslavia itself, where the essence of the interest in preserving its territorial integrity lies? For two Yugoslav peoples, Yugoslavia is becoming only a former country, no matter how rational or irrational that has been.

Because of all this, the West's reaction, although it was welcome at this time, should not arouse too much enthusiasm either. Well-informed sources maintain, moreover, that there have been more than sufficient indications that the West, at least the West outside of "fat Germany," is preparing to support a "soft coup" with the aim of preserving and maintaining Yugoslavia's territorial integrity, i.e., the aim regarding which the Western diplomatic services indirectly adopted a unanimous position after the declaration of Croatia's and Slovenia's sovereignty. And if the strike against Slovenia had been carried out in the form of a blitzkrieg, for instance, with commandos seizing the border stations, it is almost certain, those sources claim, that with some obligatory grumbling about the "use of force," the West would have tacitly or openly acknowledged the new state of affairs, following the same pattern that has already been applied in the Baltic.

Instead of sophisticated force, however, the Army decided on using arrogant mechanized force. Why, remains an open question to which very different answers are possible: from the pitifully provincial "we will show them," which simply cannot be ruled out, to the assumption that someone was actually interested in bloodshed so that Slovenia would be finally driven out of Yugoslavia, and Croatia would be left to its own bloody collapse on the battlefield, and to the view that Slovenian casualties on a smaller scale would be necessary in order to show all "interested parties" that the Army, in defending Yugoslavia's territorial integrity, was also prepared for "final solutions" which, if they are applied in Croatia, would cause such a bloody interethnic struggle that any attempt at "outside mediation" would remain only an illusion of naive peacemakers from another political and cultural world. Of course, it is still too early to say which of these reasons led the Army to its armored brutality; what is known for certain is that another bitter weed has been added to the Balkan cauldron of a possible world conflict. And that is a fact that has to be understood in its full seriousness: The initial positions, furthermore, are dreadfully reminiscent of some that have been seen before, and there is actually a frighteningly large number of potential Principis who will attack some new German or other figure in the Balkans with a bullet.

Unfortunately, the West only actively realized this when it was astonished by tank movements on its own borders. For years it has mostly watched calmly, with only some verbal remarks and perhaps believing that the habits of political wisdom, polished by parliamentarism, would win out in this region instead of the philosophy of "hit him in the head and take his wallet." Dark prophecies about the collapse of Yugoslavia have been known for a

rather long time—since back at the time of Tito's death, when the speaker at his bier mentioned the predictions of "certain services about the collapse of Yugoslavia in 10 years" (in 1980!)—but we were "firmer than ever" to the recent report from the same foreign service about the "upcoming collapse and civil war in Yugoslavia," and so we have to ask ourselves what we were waiting for, and why so long, when actually everything was already well known?

This is because abandoning the Balkans to the will of Balkan passions at this time means accepting the risk of a slaughter like the one during the German peasant wars. And if the Slovenian casualties are the catalyst for at least a little reason—even if imported—above the abyss of a far more ominous and fateful conflict, history will remember them as already avenged.

Conflict of Serbian, Muslim Parties in Bosnia

*91BA0895A Zagreb DANAS in Serbo-Croatian 2 Jul 91
pp 28-29*

[Article by Fahrudin Radoncic: "Goodbye, Bosnia"]

[Text] Did Bosnia-Herzegovina perish in the parallel session of its assembly and the "Krajina parliament"?

At the same time as the shocking attempts by the JNA [Yugoslav People's Army] to use tank treads to erase an independent Slovenia and Croatia from the new political map of this part of Europe, the establishment of a new Serbian state, Krajina, was proclaimed without any interference whatsoever in Bosansko Grahovo. The anticipated blow from the side against the sovereignty of Bosnia-Herzegovina came at a time when the Bosnia-Herzegovina Assembly was expressing a position on the decisions of the Croatian Assembly and the Serbian Assembly.

The willingness to discuss the dramatic events in the two republics, and, on the other hand, the opportune closing of one's eyes with respect to the redrawing of borders within Bosnia-Herzegovina itself for several months, showed that the three ruling parties had made an erroneous political calculation. In fact, just before the continuing session of the Bosnia-Herzegovina Assembly, it was heard from reliable sources that the party leaderships, at a closed meeting, had agreed not to inflame passions by any means and to arrive at a joint position on the Slovenian and Croatian disassociation through consensus and tolerance.

Irreconcilable Concepts

The illusion, equivalent to one that the Eiffel Tower could be built solidly from iron balls not connected by anything, quickly collapsed. This was indicated, after all, by the expected party reactions to the Slovenian and Croatian disassociation. Expressing the position of a majority of the Croats living in Herceg-Bosnia [as published], the local HDZ [Croatian Democratic Community] was the first to send cordial congratulations to the

Republic of Croatia and to Franjo Tudjman personally. That action gave the adherents of the Serbian Democratic Party [SDS] heartburn, because according to its leader, Dr. Radovan Karadzic, this had to do with the hostile destruction of Yugoslavia and the "drama of a country that has been in the process of being demolished for decades now by the will of anti-Yugoslavs and Serb-haters."

The third ruling party, the SDA [Party of Democratic Action], in the party spokesman's interpretation, was in the "center" between the contradictory positions of the HDZ and the SDS. "The SDA is firmly adhering to its positions that Yugoslavia should remain within the same borders that it has been in, and that the agreements on its political system should be continued further." At the same time, however, "the SDA feels that disassociation is an act that has been adopted by legally elected authorities, and as such constitutes the right and will of the citizens and peoples in those two republics."

The bridge that the three "national" parties tried to raise briefly just before the Assembly's continuing session proved to be a fragile construction that was only sufficient for the precipitate advancement of the opposition's proposal on the inviolability of Bosnia-Herzegovina's borders, and nothing more. In the risky political deception within the ruling triangle, it soon turned out that the limits of mutual correctness were a very ambiguous concept. For example, the SDA was apparently not interested in the SDP's explicit proposal about the immutability of the borders of Bosnia-Herzegovina and Yugoslavia. That, however, had a very clear calculation behind it, because at the same meeting, Alija Izetbegovic proposed several positions for Bosnia-Herzegovina in connection with Slovenia and Croatia, and emphasized internal Bosnian relations: "The meaning of everything that we will continue to do and that we will continue to persist in is that Bosnia-Herzegovina should truly be what is written in its constitution. We will try to ensure that those values will not be mere proclamations, and that means that sovereignty will be sovereignty, equality will be equality, and democracy will be everything that that word means in the civilized world."

After Izetbegovic's important comment that "regardless of what a future Yugoslav community of peoples and republics will look like, the borders of Bosnia-Herzegovina will be open both to Serbia and to Croatia, and through them, to Europe as well," it was not difficult to comprehend that the SDA was trying to reach its goal by the easiest possible means. The main conflict over the decisions by Slovenia and Croatia was conducted between the members of the SDS and the HDZ. Contrary to certain opinions in Zagreb and sporadic internal suspicions in Sarajevo, Stjepan Kljuic turned out to be the main advocate for a sovereign Bosnia-Herzegovina.

The shift of the bitter Croatian-Serbian conflict to a Serbian-Muslim one, however, was suddenly caused by TANJUG's news about what was happening in Bosansko Grahovo. That was how the highest republic authorities

found out that a parallel session of the "Krajina parliament" was being held in that city, and that, to the sounds of "March Upon the Drina," a declaration had been adopted on uniting the two Krajinas, which were "constituted as a united political and territorial entity with its own authorities."

Assembly Fight

The Muslim ambition of preserving Bosnia-Herzegovina was suddenly faced with the concrete wall of the incomparably greater Serbian projects and desires. Milan Babic, the prime minister and defense minister of Krajina, gave his explanation: "So that we (Serbs) would not be the only people bordering upon itself, we have to create our state." And if one can believe Babic, the ambitions for all Serbs to live in one state are now even greater, and the aim is to "create a united state in which all Serbs in the Balkans will live!"

Naturally, after the news from Bosansko Grahovo, the SDA renounced the previous gentlemen's agreement among the three ruling parties to avoid a head-on clash and "setting peoples at odds" in front of the TV cameras. It was realized that the SDS was playing much more treacherously and dishonestly. It was unnecessary to seek better proof than the events in Bosansko Grahovo, which were staged by certain deputies in the republic parliament who were of Serbian nationality and SDS members.

The SDA's prolonged acquiescence, starting several months ago in connection with the declaration on the sovereignty of Bosnia-Herzegovina and continuing until the well-known opposition proposal to emphasize the republic's sovereignty and indivisibility—which was stubbornly and categorically obstructed by the SDS—lost political meaning in such a situation. The avoidance of splitting the parliament on a national basis—and it is not far from people's minds that this is the first stage in the partition of Bosnia-Herzegovina—was the border that Izetbegovic's staff finally decided to cross after Bosansko Grahovo.

The SDA therefore proposed that "...the Bosnia-Herzegovina Assembly state that the act on unifying the so-called SAO Krajina and the Bosanska Krajina community of opstinas constitutes a violation of the constitutional order of the SFRY, and a violation of the territorial integrity, sovereignty, and constitutional order of Bosnia-Herzegovina. This act is therefore null and void, and cannot produce any sort of legal consequences."

At that time there was a reversal in the attitude of the SDS deputies, who had until then stubbornly, and allegedly for reasons of principle, criticized Slovenia and Croatia for failure to respect the Constitution and for unilateral decisions. When Bosnia-Herzegovina and its territorial dismantling were involved, that criterion was kicked into the political waste basket.

Most of the deputies did not want by any means to fall into chairman Momcilo Krajisnik's political trap of having the deputies simply state whether they "supported" or "condemned" the decisions of the Croatian Assembly and the Slovenian Assembly. The apparently naive and very persistent Krajisnik nevertheless achieved his desired goal. Knowing that a vote would follow on Izetbegovic's positions and the SDA's proposal in connection with the events in Bosansko Grahovo, which would have to become the official position of the state of Bosnia-Hercegovina, the SDS deputies used their last chance to leave the Assembly session. Their reason was the parliament's refusal to adopt a position in connection with Slovenia and Croatia in the way that Krajisnik wanted!

Total Split

The SDS thus achieved at least two important goals. In the first place, it prevented the Bosnia-Hercegovina Assembly, on the same day that the decision was adopted on creating the Krajina state on the territory of this republic and Croatia, from proclaiming that act to be null and void. In the second place, they left all the decisions on protecting the territorial integrity and sovereignty of Bosnia-Hercegovina to the Muslims and Croats.

Although they were very aware of this, the SDS and the HDZ persisted in their intention of voting. In contrast to Izetbegovic's positions (they lacked only one vote), on this occasion the SDA's proposal of having the Assembly of Bosnia-Hercegovina nullify the decisions adopted in Bosansko Grahovo passed. At certain other times such a conclusion would perhaps have been a binding legal action with full legal consequences. Today, it is only an additional reason for new national polarizations and conflicts, regardless of the fact that the Bosnia-Hercegovina Presidency, by a majority of votes, ordered the prosecutor's office to initiate proceedings against those who established the new state.

After the events in Bosansko Grahovo and the ostentatious departure of the SDS deputies from the Assembly, everything suggests the conclusion that conflicts are ahead and that this is the finale of the definitive Serbian destruction of the sovereignty of Bosnia-Hercegovina.

The real conflicts are still to be expected. What they will be like is vividly illustrated by two sentences from the Assembly discussion. Jova Mijatovic threatened: "Whoever dreams about borders on the Drina, I am informing him that it is nonsense and that the Drina is the backbone of the land in which Serbs live. Whoever wants to sacrifice peace and lives for sovereignty should know that he will not get away without casualties." A retort came from Muhamed Cengic, threatening with his finger: "You who are applauding now, you are the ones who have led to this, and we will not stand for your breaking up Bosnia-Hercegovina!"

Verbally, the war has already begun. We will not have to wait long for blood, unless there is some sort of radical turnabout or miracle.

[Box, p 29]

Krajina Returns the Blow

The decision on creating their own state was allegedly adopted because Serbs do not want to be second-class citizens

The day before Croatian independence, on Monday, 24 June, the two Krajinas, the Knin one, the "so-called SAO," and the Bosnian one, adopted a "treaty on cooperation." The treaty was signed by Dr. Milan Babic, the "Knin prime minister," and Vojo Kupresanin, the president of the Executive Council of the Assembly of the Community of Opstinas of Bosanska Krajina. With that treaty, in nine sections, they agreed on integration in the areas of the economy, politics, culture, education, health care, social work and social policy, transportation and communications, information, defense, and other areas in which a need for cooperation might arise. The treaty says that in the event of the collapse of Yugoslavia, they will cooperate in accordance with all the provisions of the treaty concluded, but if it remains as it is, they will only cooperate in the areas of business, the economy, culture, and information.

The day after Croatian independence, we left for Knin, driven by curiosity to see how the Croatian Assembly's decision had been received. The roads to Knin were passable, but there was almost no traffic. It was only at the crossroads near Gracac, where the road divides toward Zadar and Knin, that we were stopped by about 10 armed members of the "Krajina militia." The inspection was brief, and we were let through without major problems. The next inspection was after the village of Padjani. About 10 uniformed and rather variously armed Marticevists, were sitting and standing in the shade along the road, stopping everyone who passed, to the sound of music crackling from a cassette player. Their inspection was rather thorough. They peeked under the automobile seats and the engine hood, and the inspection of our documents lasted for a full 20 minutes. We did not know what they were doing with them, but they obviously informed other checkpoints about our passing through, because all the way up to the entry into Knin, we were let through all the checkpoints with just a wave of the hand.

They stopped us once more in Knin, and again inspected the automobile and the luggage, and then talked with us in a fairly friendly way. They waved off the mention of Cetniks, saying that there was none of that here, and those who represented themselves as such were "the local idiots."

"We do not have anything against Croats and Croatia, but we do not want to be second-class citizens," the militiamen said, talking to us with a machine gun on the roof of the automobile.

We did not observe any tension in Knin. Life was proceeding as usual, at least apparently, except for the large number of uniformed people on the streets, but that has been a common picture here for months. The "Croatian day after" was not sensed here. It was only in a local cafe across from the Knin militia station, after the news from Radio Belgrade about the conflicts in Glina, that comments began, but they did not sound too harsh.

The head of the Knin militia, Milenko Zelembaba, received us without any problems. In response to our query about the situation in Knin and the surrounding area after the independence of Croatia, he answered:

"The situation is not good. Admittedly, there have not been any incidents in the last few days, but it seems to me that it is the calm before the storm. As far as Croatia's secession is concerned, we will not do it, but let them secede. Things were quiet in Knin on the day when the Assembly declared independence. People expected it, and so they accepted that news normally."

He said that they did not have any contacts at all with the Croatian Ministry of Internal Affairs, although about 10 days ago they agreed to a talk that was supposed to be attended by representatives of the Ministry of Internal Affairs, the Federal Secretariat for Internal Affairs, and the Knin Secretariat for Internal Affairs. Zelembaba said that the Ministry of Internal Affairs representatives did not come to that meeting, although they had confirmed that they would. As far as the Army was concerned, the contacts with it were not good, and he also told us that the Benkovac firing range, around which the dust was whirling recently, had always been used for firearms training for the militia, naturally with the Army's permission, but he denied that there had been any secret negotiations whatsoever between the Benkovac Internal Affairs Secretariat and the Ministry of Internal Affairs, about which there had been a considerable number of articles in the Croatian press in recent days.

We also asked him to tell us something more about what was actually happening in Glina, but he answered that he did not know, since communications with "the ones in the field" had been interrupted.

Even though it was the very next day that the declaration on unification was adopted in Bosansko Grahovo, at a joint meeting of the Bosnian Krajina and the SAO Krajina, not a word about that could be heard in Knin on Wednesday. It appears that actually no one, or at least the majority, did not know anything about this political act, which the declaration calls an expression of the will of the Serbian people of the two Krais.

Croatia Annuls Public Information Law

LD1707083891 Belgrade TANJUG Domestic Service
in Serbo-Croatian 1108 GMT 16 Jul 91

[Text] Zagreb, 16 Jul (TANJUG)—The law on the public information system which was published in the SFRY Official Gazette No. 84 of 1990 is no longer valid for the Republic of Croatia.

Croatian President Franjo Tudjman has issued a decree proclaiming that a law adopted by deputies of the Croatian Assembly on 26 June of this year, annulling the law on the public information system, has gone into effect.

The short Croatian law consists of only two articles. Article 1 renders the law on the public information system invalid in the Republic of Croatia, while Article 2 sets out that Article 1 becomes effective on the day of its publication in NARODNE NOVINE, i.e., as of today.

Wartime Economic Activity in Slovenia

91BA0891A Ljubljana DELO in Slovene 2 Jul 91 p 9

[Article by Joze Petrovcic: "Wartime Economy"]

[Text] On Sunday, the Slovene prime minister stated that economic activity in the republic had not stopped, in spite of the war situation, and that the Slovene economy was still exporting its products in spite of major transportation difficulties. There were comments after the Sunday press conference that emphasizing this in the present war situation was unnecessary and even inappropriate.

That reaction from journalists was understandable because of the threatened danger of an air attack. Peterle, however, was apparently only saying unimportant things.

Experience indicates that it is precisely in wartime that the country that can keep at least part of its economy alive is strong, not just because of the psychological influence that such a fact has on the population, but also because of other things.

You have quite certainly observed that the Yugoslav Army's actions were linked to economic ones. At the same time that the "defense of the Yugoslav borders" was launched, in fact, the "defense of the Yugoslav financial system" was also launched. No matter how surprising the assertion may be at this time, it is nevertheless true that the "defense of the Yugoslav borders" is occurring particularly because of economic interests, primarily financial ones. That state, in fact, began to collapse the instant that it was no longer capable of collecting taxes. The next step in that disintegration occurred at the moment that there was no longer any possibility of collecting customs duties. Without two such strong and very important financial sources, no state can survive, because it cannot finance its activities, including, of course, its defense activities, and thus its military as well. That is probably why it was decided that federal customs officers and federal police units would begin to control the border on the Slovene side, and that the military forces were to help make this possible for them. The course of events, however, did not follow that envisioned path.

This "economic scenario" probably also has a second stage: It is necessary to isolate the disobedient republic

economically, and that can only be achieved by completely closing the borders, first of all those that it has with foreign countries, and then the other Yugoslav borders as well. Only such a closing will make it possible for the federal state to regain complete control over the republic economy.

At the same time, comprehensive measures in the financial sphere are also necessary. As stated by the governor of the National Bank of Slovenia, Dr. France Arhar, and the vice governor of the National Bank of Yugoslavia, Dr. Mitja Gaspari, who is naturally not performing that function for the time being, severe financial sanctions have been imposed against Slovenia. If we understood Mitja Gaspari correctly, the sanctions are so extensive that they may even shake the entire Yugoslav system, and there will also be broader international consequences. Specifically, one can expect a complete financial blockade within the country, which at the same time is also supposed to isolate Slovenia from foreign countries.

One should be aware, however, that that financial weapon is also a double-edged one, and that one edge

will seriously hurt those who have decided on the financial isolation of Slovenia (and in part Croatia as well, obviously).

Specifically, it can be expected that foreign countries will also have to decide immediately on their own financial sanctions, which will affect everyone. It is possible to predict that some will even be more affected, as indicated by the experience with the Nickels Amendment two months ago.

It is precisely because of the financial blockade that the statement by the Slovene prime minister mentioned in the beginning, about the still fairly normal (and not dead) economic pulse, and the Slovene economy's ability to continue exporting, is very significant. The Slovene economy will obviously be forced to prepare itself to function in conditions which, after the war and the truce, will be very similar to wartime conditions, and the Slovene government will even have to accept a number of very unfavorable offers from abroad which it otherwise would not need. War always necessitates decisions that would not be necessary or rational under normal conditions.